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1999

BUDGET SUMMARY

U.S. DEPARTMENT OF AGRICULTURE

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INTRODUCTION

The Budget Summary describes the fiscal year 1999 budget for the U.S. Department of Agriculture (USDA). All references to years refer to fiscal year, except where specifically noted. Throughout the booklet, the acronym, 1996 Farm Bill, is used to refer to the Federal Agriculture Improvement and Reform Act of 1996.

The Summary is organized into five sections: Funding Overview, Program Highlights, Presidential Initiatives, Agency Programs, and Appendix Tables.

Basic budget terminology:

- **Program Level** represents the gross value of all financial assistance USDA provides to the public. This assistance may be in the form of grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.
- **Budget Authority** is the authority to commit funds of the Federal Treasury. Congress provides this authority through annual appropriations acts and substantive legislation which authorizes direct spending. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended government programs.
- **Obligations** are specific commitments of government funds. In order for USDA to make a valid obligation, it must have a sufficient amount of budget authority to cover the obligation.
- **Outlays** are cash disbursements from the Federal Treasury to satisfy a valid obligation.

Program level measures are used in most instances. However, there are some cases when other measures are used and the reader should take care to note which measure is being used. Also, the reader should understand that many 1999 estimates are very tentative especially where programs are sensitive to weather or economic conditions.

Questions may be directed to the Office of Budget and Program Analysis via e-mail at bca@obpa.usda.gov or telephone at (202) 720-6176.

FUNDING OVERVIEW

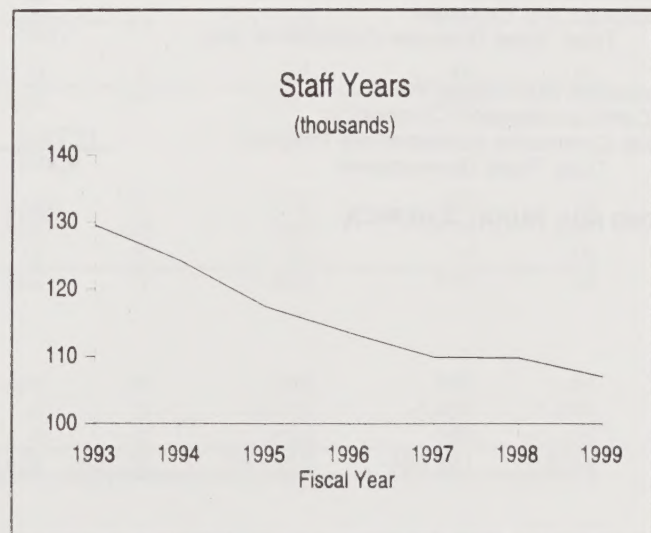
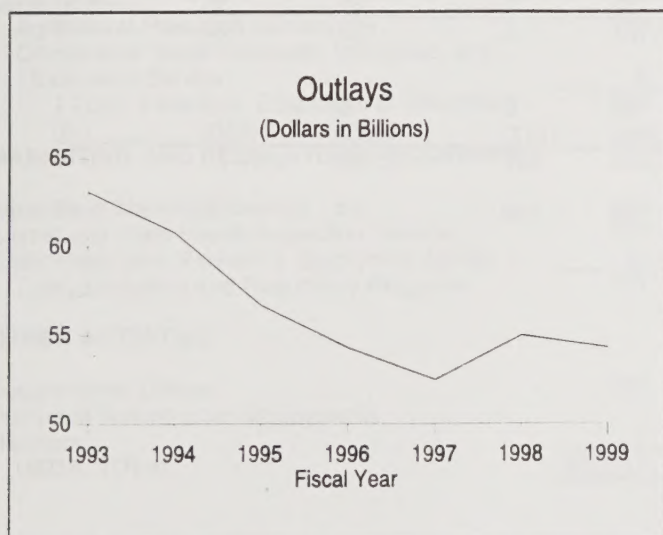
1999 Funding Overview

USDA outlays have declined from \$63.1 billion in 1993 to an estimated \$54.3 billion in 1999 -- a 14 percent reduction. These savings have been possible due to the strengthening economy, program reforms enacted by the Congress, and USDA's aggressive streamlining effort, which reduced the size of its workforce by almost 20,000 staff years through 1997 and will result in a further cut of about 2,000 by 1999. For 1999, USDA expects outlays to decrease to \$54.3 billion from \$55 billion in 1998, due to favorable economic conditions, higher levels of prior year loan repayments, savings through further reductions in employment, implementation of welfare reform legislation, selected program reductions and the shift of certain programs from Federal funding to user fees. Total USDA program level is projected to increase to \$86.5 billion in 1999 from an estimated \$83.3 billion in 1998.

USDA's 1999 discretionary program outlays, about \$15.4 billion, or almost thirty percent of total USDA outlays, include the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); rural development; research and technical assistance; soil and water conservation; management of the National Forests and Grasslands; State and Private Forestry programs; and domestic and international marketing assistance.

Mandatory programs account for the remaining seventy percent of USDA outlays, about \$39 billion in 1999. These programs provide services as required by law and include the majority of the food assistance programs, commodity programs, and a number of conservation programs.

The budget will strengthen the safety net for farmers and low income populations, provide economic opportunities for rural Americans, protect our natural resources and further improve the safety of the food supply. Funding is included within a number of agencies to support programs proposed as segments of multi-agency Presidential initiatives. More detailed information is provided under the relevant sections of this document.



FUNDING OVERVIEW

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Agency/Program	Program Level			Outlays		
	1998 Current Estimate	1999 Budget	Change 1998 to 1999	1998 Current Estimate	1999 Budget	Change 1998 to 1999
FARM AND FOREIGN AGRICULTURAL SERVICES						
Farm Service Agency:						
Farm Loan and Grant Programs	\$2,979	\$2,995	\$16	\$338	\$345	\$7
Conservation Reserve Program	1,836	1,718	-118	1,861	1,718	-143
Other Conservation Programs	0	0	0	150	16	-134
Commodity Programs	13,315	14,113	798	6,249	5,941	-308
Commodity Credit Corporation Programs	(21,027)	(21,482)	(455)	(8,566)	(8,420)	(-146)
Salaries and Expenses	963	976	13	601	719	118
Total, Farm Service Agency	19,093	19,802	709	9,199	8,739	-460
Risk Management Agency:						
Administrative and Operating Expenses .	64	66	2	57	65	8
Crop Insurance Fund	2,597	2,591	-6	1,340	1,756	416
Total, Risk Management Agency	2,661	2,657	-4	1,397	1,821	424
Foreign Agricultural Service:						
Export Credit Guarantees	5,000	4,615	-385	383	308	-75
Market Access Program	90	90	0	91	90	-1
Export Enhancement Program	150	320	170	150	320	170
Dairy Export Incentive Program	99	82	-17	111	92	-19
P.L. 480	1,112	979	-133	1,139	1,006	-133
Food for Progress Program	104	109	5	101	106	5
Salaries and Expenses	194	190	-4	152	153	1
Total, Foreign Agricultural Service . .	6,749	6,385	-364	2,127	2,075	-52
Total, Farm and Foreign Agricultural Svcs.	28,503	28,844	341	12,723	12,635	-88
RURAL DEVELOPMENT						
Rural Utilities Service:						
Loans and Grants	3,034	3,157	123	715	695	-20
Salaries and Expenses	66	68	2	66	68	2
Total, Rural Utilities Service	3,100	3,225	125	781	763	-18
Rural Housing Service:						
Rural Housing Loan and Grant Programs	4,835	5,104	269	833	809	-24
Rural Community Loan and Grant Programs	368	418	50	23	23	0
Salaries and Expenses	414	429	15	418	465	47
Total, Rural Housing Service	5,617	5,951	334	1,274	1,297	23
Rural Business-Cooperative Service:						
Loans and Grants	1,163	1,157	-6	87	67	-20
Salaries and Expenses	29	30	1	36	36	0
Total, Rural Business-Cooperative Svc.	1,192	1,187	-5	123	103	-20
Alternative Agricultural Research & Commercialization Corporation.	7	10	3	8	7	-1
Rural Community Advancement Program . .	(2,733)	(2,850)	(117)	(653)	(650)	(-3)
Total, Rural Development	9,916	10,373	457	2,186	2,170	-16
FUND FOR RURAL AMERICA	(34)	100	100	17	66	49

FUNDING OVERVIEW

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Agency/Program	Program Level			Outlays		
	1998 Current Estimate	1999 Budget	Change 1998 to 1999	1998 Current Estimate	1999 Budget	Change 1998 to 1999
FOOD, NUTRITION, AND CONSUMER SERVICES						
Food and Nutrition Service:						
Food Stamp Program	22,381	24,192	1,811	22,316	23,933	1,617
Child Nutrition Programs	9,197	9,636	439	9,196	9,473	277
Women, Infants and Children (WIC)	4,012	4,161	149	3,937	4,051	114
Commodity Assistance Program	395	417	22	402	415	13
Salaries and Expenses	108	112	4	107	112	5
Total, Food and Nutrition Service	36,093	38,518	2,425	35,958	37,984	2,026
Section 32 Funds	330	300	-30	63	0	-63
Total, Food, Nutrition, and Consumer Svcs.	36,423	38,818	2,395	36,021	37,984	1,963
NATURAL RESOURCES AND ENVIRONMENT						
Natural Resources Conservation Service:						
Conservation Operations	694	752	58	725	729	4
Watershed & Flood Prevention Operations	51	49	-2	264	68	-196
Other Conservation Cost-Share Programs	40	34	-6	110	91	-19
Programs financed by CCC:						
Environmental Quality Incentives						
Program	200	300	100	157	167	10
Wetlands Reserve Program	219	124	-95	122	167	45
Other	63	45	-18	18	25	7
Total, Natural Resources Conservation Service	1,267	1,304	37	1,396	1,247	-149
Forest Service	3,462	3,298	-164	3,526	3,378	-148
Total, Natural Resources and Environment	4,729	4,602	-127	4,922	4,625	-297
FOOD SAFETY						
Food Safety and Inspection Service	675	709	34	594	156	-438
RESEARCH, EDUCATION, AND ECONOMICS						
Agricultural Research Service	760	792	32	757	785	28
Cooperative State Research, Education, and Extension Service	896	853	-43	837	844	7
Economic Research Service	72	56	-16	72	59	-13
National Agricultural Statistics Service	118	107	-11	115	108	-7
Subtotal, Research, Education, and Economics	1,846	1,808	-38	1,781	1,796	15
Construction:						
Agricultural Research Service	79	36	-43	65	70	5
Cooperative State Research, Education, and Extension Service	0	0	0	55	40	-15
Total, Research, Education, & Economics	1,925	1,844	-81	1,901	1,906	5
MARKETING AND REGULATORY PROGRAMS						
Agricultural Marketing Service	238	249	11	172	187	15
Animal and Plant Health Inspection Service	516	483	-33	430	477	47
Grain Inspection, Packers & Stockyards Admin.	67	72	5	24	14	-10
Total, Marketing and Regulatory Programs	821	804	-17	626	678	52
OTHER ACTIVITIES						
Departmental Offices	320	390	70	348	392	44
Pre-credit Reform Loan Repayments	0	0	0	-3,472	-5,452	-1,980
Receipts	0	0	0	-843	-868	-25
USDA, TOTAL	\$83,312	\$86,484	\$3,172	\$55,015	\$54,291	-\$724

PROGRAM HIGHLIGHTS

Government Performance and Results Act

On September 30, 1997, the Department delivered to Congress its Strategic Plan for the next five years, as required by the Government Performance and Results Act (GPRA). The Department's Strategic Plan is premised on the achievement of three strategic goals, and one overall management initiative of the Department. These are as follows:

Goal 1: *Expand economic and trade opportunities for agricultural producers and other rural residents.*

Goal 2: *Ensure food for the hungry, and a safe, affordable, nutritious, and accessible food supply.*

Goal 3: *Promote sensible management of our natural resources.*

Management Initiative: *Provide effective customer service and efficient program delivery.*

Following are highlights of the Department's budget proposals that will begin to fulfill the achievement of these goals.

GOAL 1: EXPAND ECONOMIC AND TRADE OPPORTUNITIES FOR AGRICULTURAL PRODUCERS AND OTHER RURAL RESIDENTS.

FARM AND FOREIGN AGRICULTURAL SERVICES

The Department's commodity and income support, farm credit, risk management and related programs provide a safety net to help ensure the long-term economic vitality of American farmers and ranchers. International trade and export programs promote economic opportunity by developing and protecting expanded export markets. Income support payments help ensure the economic vitality of producers, but they are no longer adjusted to compensate for changes in market prices. The economic viability of a farm sector which is heavily dependent on unstable international markets and unpredictable weather is influenced significantly by the Department's risk management and export programs. The Department also provides farm credit assistance as a lender of last resort, paying particular attention to small, limited resource and minority farmers.

Risk Management. The 1999 budget for the Risk Management Agency provides for full funding of the crop insurance program including the expansion of crop revenue coverage which offers protection from lower prices and production losses and is now available on almost 90 percent of the corn, wheat, cotton, soybeans, and grain sorghum grown in the United States. RMA anticipates that approximately 63 percent of insurable farmland will be covered by crop insurance in 1999 with over 1.3 million policies in force. In accordance with current law, indemnity payments are expected to exceed the premium level by a ratio of 1.075. USDA will propose legislation to shift sales commissions from discretionary to mandatory spending to assure the availability of funding for program

PROGRAM HIGHLIGHTS

operations. This shift requires PAYGO offsets which will be achieved through programmatic changes within the crop insurance program and other USDA programs. (See page 30.)

Farm Loans. To improve the opportunities for borrowers to obtain credit, the 1999 budget provides funding for direct farm ownership and direct operating loans at the levels recommended by the Department's Civil Rights Action Team (CRAT) and the National Commission on Small Farms. Funding for direct farm ownership loans is almost double the 1998 levels and will support loans to over 1,000 farmers in 1999. At least 18 percent of these funds will be targeted to socially disadvantaged farmers. Funding for direct operating loans reflects a modest increase over 1998 and is expected to support loans to 11,580 farmers. At least 12 percent of these funds will be targeted to socially disadvantaged farmers. The 1999 budget also includes proposed legislation to modify the 1996 Farm Bill prohibition on loans to borrowers who received debt forgiveness, giving them a second chance to obtain affordable credit after restoring their credit-worthiness. (See page 21.)

International Programs. The budget provides a total program level of nearly \$6.4 billion for the Department's international programs and activities in 1999. This includes a program level of \$4.6 billion for the Commodity Credit Corporation (CCC) export credit guarantee programs. The 1999 budget adopts a new approach for presenting the program levels and budget estimates for the guarantee programs; these estimates will now reflect the actual level of sales expected to be registered under the programs for which CCC guarantees will be issued rather than the authorized level. This change will result in more realistic estimates of the costs of the guarantee programs, and the accuracy of the CCC budget estimates will improve. (See page 32.)

For the Export Enhancement Program (EEP), the budget provides a program level of up to \$320 million in 1999. USDA will propose legislation to authorize a flexible, multi-year program level authorization for EEP, which will provide total funding of just under \$1.2 billion for the 1999 to 2003 period. The proposal will provide discretion to the Department to determine the annual level of funding for EEP, subject to the \$320 million limitation in 1999, and funding not used one year will remain available for use in subsequent years. However, annual program levels will continue to be subject to the export subsidy reduction commitments established in conjunction with the Uruguay Round Agreement on Agriculture. (See page 34.)

The budget continues funding for the Market Access Program unchanged from the current level of \$90 million. The budget provides a total program level of \$979 million for P.L. 480 foreign food assistance programs, which is expected to provide approximately 2.8 million metric tons of commodity assistance in 1999. (See page 37.)

Commodity Credit Corporation (CCC) Spending. Legislative changes over the last decade in commodity, disaster, and conservation programs have dramatically modified the level, mix, and variability of CCC outlays. Total CCC outlays have declined from almost \$26 billion in 1986 to \$8.6 billion in 1998, and are projected to decline to \$8.4 billion in 1999 and to \$7 billion in 2003. The Department will propose legislation to

PROGRAM HIGHLIGHTS

limit cotton user marketing certificates to no more than \$140 million in 1999 for savings of about \$110 million in 1999. Commodity program spending will continue to decline as annual fixed production flexibility contract payments are reduced. Spending for *ad hoc* disaster programs has been virtually eliminated, and CCC spending for conservation programs has increased from negligible amounts prior to the 1996 Farm Bill to over \$2 billion in 1999. Commodity program outlays in 1999 account for about two-thirds of total CCC outlays, and production flexibility contract payments account for nearly all of the commodity program outlays. Conservation program outlays for the CRP, WRP, EQIP, and several additional cost-share programs administered by the Natural Resources Conservation Service account for most of the remaining CCC expenditures. (See page 27.)

RURAL DEVELOPMENT

The Rural Development (RD) mission area improves the quality of life for rural Americans and helps rural businesses and cooperatives compete in the global marketplace. The Administration remains strongly committed to providing economic opportunities to support sound development of rural communities. RD provides financial and technical assistance to help individuals, local communities and rural businesses, concentrating on those with the greatest need. These opportunities include decent, safe, affordable housing, establishment of rural businesses and community facilities, development of modern and affordable water and waste services, and installation of electric and telecommunications services.

The budget provides about \$10.4 billion for direct loans, loan guarantees, grants and technical assistance -- over \$450 million more than the 1998 level. (See page 40.)

The 1999 budget will support a number of Administration initiatives, including Water 2000 which is targeted to the estimated 2.5 million rural Americans who have some of the Nation's most serious drinking water problems and the National Homeownership Initiative, which has helped the Nation reach its highest-ever homeownership rate of 66 percent. The 1999 budget also will support Empowerment Zones and Enterprise Communities (EZ/EC), and the Information Superhighway Initiative.

The Department proposes to target assistance to rural Americans and communities most in need, based on income, persistent poverty, and other factors. The budget also provides a substantial amount of assistance, particularly in terms of loan guarantees, for those who can afford to obtain financing from the private sector but may not find it readily available to them.

The major provisions of the Rural Development budget include:

- Improving the quality of life for residents of rural communities by providing \$1 billion in direct loans and \$3.1 billion in guaranteed loans for decent, safe, affordable single family housing. These levels support the President's National Homeownership initiative by making more homeownership opportunities available in rural America.

PROGRAM HIGHLIGHTS

Further, the Administration will also propose legislation to make guaranteed loans available for refinancing existing direct loans -- \$100 million is included in the \$3.1 billion overall funding level for this purpose. These loans would provide a Federal guarantee to allow borrowers who would not otherwise qualify for conventional private sector financing to obtain private sector credit.

- Improving the quality of life in rural America by providing \$500 million in grants and \$839 million in loans for technical assistance and financing modern, affordable water and waste services in rural communities. The combined total of loans and grants represents an increase of \$66 million over the 1998 level. Continuation of the program at these levels is consistent with the President's Water 2000 initiative which is designed to ensure that all rural households have access to clean running water by the year 2000.
- Improving the quality of life in rural America by encouraging the establishment and growth of rural businesses and cooperatives by providing \$1 billion in guaranteed loans and \$50 million in direct loans for business and industry, the same level as the 1998 current estimate. These levels reflect the emphasis that this Administration is giving to ensuring that there are more job opportunities in rural America. It is estimated that \$1 billion in guaranteed loans produces over 38,000 jobs. In prior years, the program was limited to as little as \$100 million in loans.

In addition, the Administration will propose legislation to provide \$100 million in grants, over five years, for five new rural Empowerment Zones. Authority for a second round of designees was included in the Taxpayer Relief Act of 1996. This funding would be in addition to funding targeted to EZ/EC's under Rural Development's ongoing programs.

MARKETING AND REGULATORY PROGRAMS

The mission of the Marketing and Regulatory agencies is to facilitate the domestic and international marketing of U.S. agricultural products and to ensure the health and care of animals and plants while improving market competitiveness and the economy for the overall benefit of both consumers and American agriculture.

Pest and Disease Programs. The 1999 budget proposes a program level of \$471 million for the Animal and Plant Health Inspection Service Salaries and Expenses account, a decrease of \$10 million below the 1998 estimate. This includes \$175 million for Agricultural Quarantine Inspection (AQI) activities, with increases in both AQI-appropriated funds and in AQI activities funded through user fees. APHIS will contribute substantially to the Department's goal of doubling agricultural exports by placing more emphasis on developing information and analysis for international agreements and sanitary and phytosanitary issues. The agency will strengthen the Nation's pest detection and control activities and enhance its animal health monitoring and surveillance activities. (See page 92.)

PROGRAM HIGHLIGHTS

Packer Concentration. The budget proposes \$2 million to continue implementation of recommendations made by the Secretary's Advisory Committee on Agricultural Concentration. These recommendations include measures such as increased monitoring and enforcement of antitrust and regulatory policy intended to promote competition, improve market performance, and restore confidence in the red meat and poultry markets. Funding for electronic data submission is proposed to assist businesses to expeditiously supply financial information to the agency. The 1999 budget also re-proposes legislation to authorize the collection of license fees to administer the Packers and Stockyards Act.

RESEARCH, EDUCATION, AND ECONOMICS

Total funding for the Research, Education, and Economics (REE) mission area is about \$1.8 billion for 1999. The activities under the mission area continue to support high priority goals of the Administration to promote food safety and nutrition, to facilitate the adoption of environmentally responsible production practices, to enhance the economic opportunities of U.S. farmers and ranchers, and to protect the competitiveness of U.S. agricultural and forestry products in the global economy. The Agricultural Research Service (ARS) research budget is \$32 million above the 1998 appropriation. A total of \$36 million is included for construction and modernization projects at selected ARS facilities. The 1999 budget request for the Cooperative State Research, Education, and Extension Service (CSREES) is \$9 million less than the 1998 appropriation. Within this total, there are proposals for additional funding for competitively awarded research projects, including pest management, food safety, and selected education and extension activities to strengthen the capacity of minority-serving institutions of higher education. Offsetting reductions are proposed in lower priority work and selected formula grant programs.

REE programs support the competitiveness of agriculture and forestry through the development of new farming systems that will reduce production costs, new crops, new uses for crops and animal products, and value-added processing methods which expand economic opportunities available to farmers and ranchers. In addition, economic and statistical data and analyses developed by REE agencies provide information on a wide range of agriculture, trade and rural issues. This information contributes to sound policy-making, management, and marketing decisions.

A key program in support of this goal is the Food Genome Initiative. A total of \$40 million is proposed for 1999 to support this Initiative, which is designed to identify genes that control economically desirable traits in plants, animals, and microbes that are essential to the enhancement of agricultural production and crop biodiversity. The Department will be collaborating with the National Science Foundation, the National Institutes of Health and the Department of Energy on this effort. (See page 79.)

PROGRAM HIGHLIGHTS

GOAL 2: ENSURE FOOD FOR THE HUNGRY, AND A SAFE, AFFORDABLE, NUTRITIOUS AND ACCESSIBLE FOOD SUPPLY.

FOOD, NUTRITION, AND CONSUMER SERVICES

The Department's 1999 budget requests over \$38.8 billion for food and nutrition assistance programs for needy Americans. The budget request fully funds the expected needs of the Food Stamp, Child Nutrition, and Special Supplemental Nutrition Program for Women, Infants and Children (WIC) programs. The requested funding level will ensure that all needy Americans, especially children, have access to food and nutrition assistance.

Food Stamps. The 1999 budget funds the Food Stamp Program at a program level of \$24.2 billion. This is an increase of \$1.8 billion over the 1998 funding level. This program level will support 22.3 million participants, including 730 thousand due to a legislative proposal to restore food stamp eligibility to otherwise eligible legal immigrant families with either children, elderly or disabled persons. The budget will allow the Department to continue its efforts in aggressively fighting error and fraud and implementing the Electronic Benefit Transfer (EBT) system. Also funded in this request is the Food Distribution Program on Indian Reservations, Nutrition Assistance for Puerto Rico, Nutrition Assistance to American Samoa, and the Community Food Projects. Further, the budget requests resources for a \$1 billion contingency reserve for the Food Stamp Program. (See page 51.)

Child Nutrition Programs. The budget request for the Child Nutrition Programs is \$9.6 billion. This level provides for increases in participation and food inflation costs and will allow the Department to continue to improve program integrity. The budget also provides funding for strengthened education efforts on food safety in school meals as part of the President's Interagency Food Safety Initiative. (See page 51.)

Special Supplemental Nutrition Program for Women, Infants and Children (WIC). The request reflects an increase of \$149 million for the WIC program for a total program level of \$4.2 billion. This amount will enable FNS to continue to fulfill the Administration's commitment to fully fund this program. This amount will ensure that an estimated 7.5 million low income women, infants and children are provided nutrition assistance in 1999. In addition, in order to ensure that unexpected food cost increases do not interfere with current participation levels, a \$20 million contingency reserve is requested to be used only in urgent situations. (See page 52.)

WIC Farmers' Markets. The WIC Farmers' Market Nutrition Program provides WIC participants access to fresh fruits and vegetables and expands the awareness and use of farmers' markets by consumers. In past years, funds for the program have been included within the WIC appropriation, to the extent that the funds were not required to support existing caseload. In order to ensure availability of funds, the 1999 budget proposes \$15 million within the Commodity Assistance Program account. This is a \$3 million increase over the 1998 level. (See page 53.)

PROGRAM HIGHLIGHTS

Gleaning and Food Recovery Initiative. The American agricultural system is one of the most productive and efficient in the world. Nonetheless, 37 million people were living below the official poverty level in 1996, while 27 percent, or 96 billion pounds, of the 356 billion pounds of edible food available for human consumption in the United States were lost to human use. The budget includes \$20 million for a new community based grant program and other initiatives to help Americans recover some of the abundance before it is lost and use it to help alleviate hunger. The goal is to increase food recovery by 33 percent, or 500 million pounds. This would provide approximately 500 thousand needy individuals with three pounds of food per day.

FOOD SAFETY

On January 25, 1997, the President announced the Interagency Food Safety Initiative. The Initiative encourages collaboration between industry, government, and consumers to ensure safety of food from the farm to the table. The Initiative includes seven components for improving the Federal food inspection system from farm-to-table. For 1999, the budget includes \$46 million in additional funding to build upon the framework developed during 1998. As part of this initiative, the 1999 budget includes \$11 million for the Food Safety and Inspection Service to expand consumer education, develop voluntary measures to reduce the risk of pathogenic contamination of animals on the farm, and facilitate the transformation of State programs to Hazard Analysis and Critical Control Point systems. (See page 70.)

An additional \$26 million is included within the REE mission area to support this Initiative. An increase of \$14 million above the 1998 appropriation is provided for ARS pre- and post- harvest food safety research to design effective control programs for pathogens and toxins that can infect meat and poultry products and fruits and vegetables. An increase of \$3 million is provided in CSREES for competitively awarded research grants to study the food handling practices of vulnerable population groups, such as the elderly, and to develop methods to prevent or eliminate food contamination. An additional \$5 million is proposed for various education programs to promote safe food handling practices among consumers. Of the total increase requested for the NRI, \$3 million will be targeted to support food safety research. The Initiative also includes a nearly \$1 million increase for ERS for the improvement of risk assessment modeling techniques. (See page 18.)

For the Agricultural Marketing Service, the Initiative includes an increase of \$6.3 million to broaden the scope of the Pesticide Data Program (PDP) to include microbiological testing of fruits and vegetable to assess the food safety risk posed by pathogens on fruits and vegetables and target resources to the highest risk areas.

As part of the Initiative's food safety education component, the Food and Nutrition Service budget includes an increase of \$2 million to provide food safety training to local food service professionals engaged in preparing food for our Nation's 26 million schoolchildren.

The 1999 budget request proposes legislation to recover the full cost of providing Federal meat, poultry, and egg products inspection. Requiring the payment of user fees for

PROGRAM HIGHLIGHTS

Federal inspection services would ensure that sufficient resources are available to provide the mandatory inspection services needed to meet increasing industry demand and would result in savings to the taxpayer. The overall impact on prices as a result of these fees has been estimated to be less than one cent per pound of meat, poultry, and egg products. Appropriated funds are requested to convert the Federal program to user fees and for maintaining State inspection programs. (See page 115.)

MARKETING AND REGULATORY PROGRAMS

Pesticide Data Program (PDP). Funding for PDP was provided within AMS in 1998 after being funded through the Environmental Protection Agency for 1997. For 1999, program increases are requested to initiate a rapid response capability necessary to support EPA's data requirements under the Food Quality Protection Act of 1996 (FQPA). EPA will use the residue data to conduct dietary risk assessment reviews required by FQPA. In addition, as part of the President's Interagency Food Safety Initiative, an increase of \$6.3 million is requested to broaden the scope of the Pesticide Data Program to include microbiological testing of fruits and vegetables. This testing will provide a baseline of microbiological data needed to assess the risks of contamination in the U.S. food supply. (See page 89.)

RESEARCH, EDUCATION, AND ECONOMICS

REE agencies work with other USDA and other Federal agencies to help protect the food and fiber system from threats of disease and pests. Through research, analysis, and education, the REE programs foster the production and supply of safe, nutritious, high quality agricultural products. Highlights of proposed increases in the 1999 budget include:

- An increase of \$10.5 million in support of the Presidential Initiative on Human Nutrition initially funded in 1998. In 1999, activities will focus on gaining a better understanding of the nutritional needs of selected population subgroups. (See page 76.)
- An increase of \$6 million as part of the President's Emerging Infectious Diseases Initiative for research efforts to reduce the incidence of emerging diseases and exotic pests that threaten the safety of the U.S. food supply. Funds will be used to enhance the development of diagnostic tests and vaccines that will prevent the outbreaks and spread of zoonotic diseases such as tuberculosis, *salmonella*, and *E. coli*, and exotic diseases afflicting animals. The remainder will be used for research to prevent the introduction and spread of plant diseases and pests, including wheat scab, potato blight, and sorghum ergot that afflict the production of agricultural commodities. (See pages 75-76.)

PROGRAM HIGHLIGHTS

GOAL 3: PROMOTE SENSIBLE MANAGEMENT OF OUR NATURAL RESOURCES.

FARM AND FOREIGN AGRICULTURAL SERVICES

Conservation Reserve Program (CRP). The CRP is administered by the Farm Service Agency. The Program provides landowners annual payments and half the cost of establishing a conserving cover in exchange for retiring environmentally sensitive land from production for 10 to 15 years. The Food Security Act of 1985, as amended authorized the program through 2002 and set maximum enrollment in the program at 36.4 million acres. At the end of calendar year 1997, enrollment was about 28 million acres. The budget assumes acreage enrolled under the 15th and 16th signups, in combination with acreage accepted in the continuous signup, will bring CRP enrollment to about 32 million acres in 1998, to 34 million acres in 1999, and to an eventual enrollment of 36.4 million acres by 2001. (See page 24.)

NATURAL RESOURCES AND ENVIRONMENT

Conservation Technical and Financial Assistance. The total program level for the Natural Resources Conservation Service (NRCS) in 1999 is about \$1.3 billion, an increase of \$37 million over 1998. The Administration will continue to support locally-led conservation with a focus on increasing the State and local role in the conservation effort and on strengthening the unique working partnership that NRCS has developed with conservation districts, farmers and other private landowners. Funding for the America's Private Land Conservation (formerly Conservation Technical Assistance) program is \$579 million, which includes \$20 million to encourage additional contributions from the States. This bonus fund will act as an incentive payment to reward those States that either increase the non-Federal contributions and/or achieve a minimum level of contributions toward conservation efforts. The point is to elicit both greater contributions and to harmonize the contributions for all. The NRCS budget includes \$23 million to support implementation of the Clean Water and Watershed Restoration Initiative with competitive partnership grants to locally-based institutions such as conservation districts or watershed councils to strengthen their leadership capabilities. Funds will be targeted to the watersheds where water quality is deemed to be at the highest risk of impairment from agricultural activities. Funds will also support additional monitoring and evaluation to help target resources and document baseline conditions. The budget includes a \$300 million funding level for EQIP which is an increase of \$100 million over 1998 that will also support the Clean Water and Watershed Restoration Initiative. At the same time, the entire \$300 million program will be managed so as to address recommendations made in the Civil Rights Action Plan to increase program participation by minority and low income farmers and by other under-served clientele. (See pages 56, 59, and 103.)

Forest Service. The primary mission of the Forest Service is "to sustain the health, productivity, and diversity of the land to meet the needs of present and future generations." In keeping with this mission, the proposed fiscal year 1999 Forest Service budget emphasizes watershed protection and restoration, an environmentally responsible road policy, and other program activities related to GPRA strategic plan goals. A total

PROGRAM HIGHLIGHTS

program level of \$3.3 billion is proposed, which is \$164 million below the Forest Service's 1998 level. The 1998 level includes a one-time transfer of \$167 million from the Department of the Interior for the purchase of the New World Mine and other land acquisition activities. When continuing programs are compared, the 1999 budget is \$3 million above 1998. In terms of discretionary funding, the budget proposes \$2.6 billion for ongoing programs, which is an increase of \$48 million over the 1998 level, excluding the \$167 million one-time transfer from the Department of the Interior. Within this total, \$127 million is included to carry out proposed Presidential Initiatives in the following areas: Clean Water and Watershed Restoration, Law Enforcement, Climate Change Technology, and Land, Water, and Facility Restoration. The National Forest System (NFS) is funded at \$1.4 billion, including \$199 million for Timber Sales Management to support a timber sales program of 3.4 billion board feet. Also included in NFS funding is are proposed increases of \$21 million for Recreation Use, \$15 million for Wildlife Management, \$21 million for Rangeland Management, and \$13 million for Soil, Water and Air Management. Forest and Rangeland Research is funded at \$198 million which is an increase of \$10 million over 1998. (See pages 61, 63.)

RESEARCH, EDUCATION AND ECONOMICS

Programs supported by REE funds encourage collaboration between USDA, State and local governments, industry, and the land-grant community to promote the competitiveness of agriculture while preserving the natural resource base. Policy makers, program managers, producers and consumers use data and analysis resulting from REE activities to enhance biodiversity, water quality and pest and disease resistance; improve land and waste management; and increase understanding of ecosystems and impacts of climate change and weather.

The two high priority 1999 natural resources initiatives in REE focus on pest management and climate change technology. Research under the Climate Change Technology Initiative (CCTI) will be aimed at investigating mitigation tactics to minimize the adverse effects of agricultural production practices on climate change, developing agricultural practices for carbon sequestration, and increasing the production of biomass from agricultural crops, including feedstocks for alcohol fuels and electric power. The ARS budget includes \$7 million and the Forest Service research proposal includes \$3 million to support this Initiative. (See page 19.)

Integrated Pest Management. \$34 million in funds are proposed to continue the implementation of the Department's Integrated Pest Management (IPM) Initiative, a cooperative effort to achieve the adoption of IPM practices and technologies on 75 percent of U.S. crop acres by the year 2000. (See page 106.)

PROGRAM HIGHLIGHTS

MANAGEMENT INITIATIVE: PROVIDE EFFECTIVE CUSTOMER SERVICE AND EFFICIENT PROGRAM DELIVERY.

Although few support programs have high visibility, they are, nevertheless, vital to USDA's success in providing effective customer service and efficient program delivery. An overarching principle of USDA operations is good management of our human, capital, information, and other infrastructure resources. The 1999 budget request supports the Department's Strategic Plan Management Initiative.

Civil Rights. The budget includes a number of priority funding increases to carry out the recommendations contained in the CRAT report. The recommendations included in the CRAT report were the result of a detailed review of the Department's existing civil rights activities, past reports and listening sessions held across the country for USDA customers and employees which identified a number of longstanding weaknesses within USDA.

Since the CRAT report was issued in February 1997, significant steps have been taken to implement the recommendations. These steps include:

- enhancement of efforts to resolve the backlog of both equal employment and program discrimination complaints, including establishment of inhouse investigation capabilities;
- articulation of a zero-tolerance policy for reprisals against employees who file civil rights complaints;
- creation of a Departmental Office of Outreach to provide leadership and coordination for all USDA outreach activities to assure that all eligible customers have access to USDA programs and services;
- establishment of the National Commission on Small Farms to develop a national strategy to make small farms a permanent force in agriculture's future; and
- implementation of a new foreclosure policy -- when a civil rights complaint is lodged, the foreclosure proceedings are frozen until an independent review occurs.

To meet civil rights responsibilities and carry out the recommendations to solve the persistent problems within USDA, this budget includes about \$250 million in funding, an increase of over \$150 million above the 1998 level. (See page 103.)

Create a Unified System of Information Technology Management. The appropriate application of information technology is critical to USDA's ability to deliver programs and services to the public. Over the last year, a strong foundation has been created within USDA to insure that information can be more readily shared across organizational lines and investment decisions are based on sound business principles. Building on this foundation, the Office of the Chief Information Officer has developed a plan to strengthen

PROGRAM HIGHLIGHTS

USDA's management of information technology structured around five critical objectives:

- Assure that mission-critical information systems are Year 2000 compliant;
- Implement a single information technology infrastructure and supporting organization for the Farm Service Agency, and the Rural Development agencies and the Natural Resources Conservation Service;
- Improve the Departmentwide management of telecommunications;
- Institute an information technology capital planning, review and evaluation strategy, refine the enterprise-wide architecture, and develop a workforce planning capacity; and
- Build a strong information technology management team and develop strategies for improving the corporate management of the USDA information technology infrastructure.

Improve Financial Management and Reporting. The two primary goals are the implementation of a single, integrated financial information system, and the preparation of financial statements that warrant an unqualified audit opinion. In addition, the Office of the Chief Financial Officer is coordinating the development of cost accounting standards and systems, modernized methods of payment and collection, Departmentwide implementation of the Government Performance and Results Act and the Debt Collection Improvement Act of 1996, improved management of assets and receivables, and improved processes for administering grants and agreements with non-Federal organizations. These initiatives will provide improved information for decisionmaking and strengthen management accountability.

Streamlining and Restructuring the County Offices. The Department is making major changes in the county-based field agencies in order to efficiently use declining resources and to improve customer service. USDA is implementing a field office streamlining plan which collocates the county-based agencies (FSA, NRCS, and RD) in one-stop USDA Service Centers. This collocation effort will result in streamlining the total number of field office locations from over 3,700 to about 2,550. By the end of 1998 the Department will have completed the installation of the Local Area Network and Wide Area Network which provide connectivity within and between USDA Service Centers and other support offices. All USDA Service Center agency offices throughout the country will have a common telecommunications platform allowing efficient e-mail, file transfer, and voice communications.

However, to effectively serve the needs of farmers and others in Rural America, the plan goes beyond collocation to create a team approach to program delivery in which the partner agencies share resources in order to maximize customer service and administrative efficiency. The initiatives listed below provide a brief summary of these inter-related projects:

PROGRAM HIGHLIGHTS

Administrative Convergence. Currently, three separate administrative structures provide support to the Natural Resources Conservation Service (NRCS), the Farm and Foreign Agricultural Services, and the Rural Development (RD) mission areas -- down from nine such organizations in 1993. Further actions are underway to continue the streamlining process by combining these three structures into one unit, and by delegating the authority to conduct most administrative functions to the State level, closer to the customer. Headquarters and State level consolidation is expected to be completed by the end of calendar year 1998. A consolidated structure will:

- Deliver better services to local customers and employees;
- Provide a new consistency in administrative policy;
- Make better use of limited administrative resources; and
- Help preserve limited budget resources for program delivery.

Independent Study on County Based Agencies. The Department has entered into a contract with an outside consulting firm to conduct a study of the farm and rural program delivery system of the county based agencies, FSA, NRCS, and RD, to be completed by September 1, 1998. The study will clearly identify the purposes agency operations are intended to achieve, provide an independent assessment of agency workload estimates, consider the prospective impact of administrative convergence on county office operations, identify criteria for determining the highest value use of office staff, evaluate office operations efficiencies gained so far, and assemble a profile of the USDA customer base as defined by eligibility for program benefits. Finally, the study will identify alternative decision systems or organizational structures for matching USDA resources with customer needs and preferences.

Common Computing Environment (CCE). One of the keys to success of improved customer service, while streamlining the field structure, is the replacement of the aging business and technology systems of the field service agencies. A collective reengineering of business processes for administrative services and program delivery is underway, along with testing information technology alternatives. Common information shared by the partner agencies will reduce the redundant requests made of program participants, as well as customer office visits and paperwork burden, and ease workload for internal staff. The CCE will enable USDA to: optimize the data, equipment, and staff sharing opportunities at the service centers; overcome the extreme limitations of the current legacy systems; and enhance customer service into the 21st Century.

With the funds included in the 1999 budget, the service center agencies will continue efforts begun in 1998, factor in the results of the independent study and administrative convergence, and begin to invest in the first phase of CCE hardware and software. The plan is to achieve complete migration from legacy systems to the CCE by 2002.

PRESIDENTIAL INITIATIVES

PRESIDENTIAL INITIATIVES

Budget Authority
(Dollars in Millions)

Initiative	1999 Budget	5-Year Total
Interagency Food Safety:		
Food Safety and Inspection Service	\$11.3	\$31.1
Food and Nutrition Service	2.0	2.0
Agricultural Research Service	14.0	70.0
Coop., State Research, Educ. & Ext. Svc.	11.0	55.0
Economic Research Service	0.9	4.5
Agricultural Marketing Service	6.3	31.5
Office of the Chief Economist	0.1	0.5
Total	45.6	194.6
Gleaning and Food Recovery:		
Food and Nutrition Service	20.0	100.0
Clean Water and Watershed Restoration:		
Natural Resources Conservation Service	23.0	115.0
Forest Service	60.0	300.0
Agricultural Research Service	2.0	10.0
Total	85.0	425.0
Law Enforcement:		
Office of the Inspector General	21.7	108.5
Forest Service	1.3	6.5
Total	23.0	115.0
Climate Change Technology:		
Agricultural Research Service	7.0	62.0
Forest Service	3.0	24.0
Total	10.0	86.0
Land, Water, Facility Restoration Funds:		
Forest Service	63.0	642.0
Total	\$246.6	\$1,562.6

PRESIDENTIAL INITIATIVES

INTERAGENCY FOOD SAFETY INITIATIVE

On January 25, 1997, the President announced the Interagency Food Safety Initiative. The initiative included seven components for improving the Federal food inspection system from farm-to-table. Key components include expansion of the Federal food safety surveillance system, improved coordination between Federal, State, and local health authorities, improved risk assessment capabilities, increased inspection, expanded research, consumer education, and strategic planning. Of the increases totalling \$9.2 million requested in the 1998 President's budget for USDA, Congress provided \$6.6 million. Funding requested for food safety education extension activities was not provided. In 1999, the focus of the initiative is on enhancing the safety of imported and domestic fruits and vegetables, targeted food safety education, transformation of inspection systems to HACCP, and development of scientific information and tools to control a greater range of food safety hazards. A total increase of \$46 million is proposed for USDA programs in the Initiative.

GLEANNING AND FOOD RECOVERY INITIATIVE

The American agricultural system is one of the most productive and efficient in the world. Nonetheless, 37 million people were living below the official poverty level in 1996, while 27 percent, or 96 billion pounds, of the 356 billion pounds of edible food available for human consumption in the United States were lost to human use. The budget includes \$20 million for a new community based grant program to help Americans recover some of that abundance before it is lost and use it to help alleviate hunger and distress. The goal is to increase food recovery by 33 percent, or 500 million pounds. This would provide approximately 500 thousand needy individuals with three pounds of food per day.

CLEAN WATER AND WATERSHED RESTORATION INITIATIVE

One of the three challenges cited by the Vice President in marking the 25th anniversary of the Clean Water Act was the need to help communities ensure that water quality is protected in a comprehensive way and on a watershed basis. To address this challenge, the budget includes \$85 million in funding for three USDA agencies, the Forest Service (\$60 million), the Natural Resources Conservation Service (\$23 million) and the Agricultural Research Service (\$2 million). The activities under the interagency Environment Fund for America will focus on making further progress in solving water quality and other environmental problems on agricultural and forest lands. Funds are requested for several new and ongoing activities including 1) partnership grants for State and local organizations to hire non-federal watershed coordinators; 2) additional monitoring to help target resources and document baseline conditions and performance; and 3) newly focused efforts to restore and improve riparian areas, grazing lands, and forest health in high priority areas.

PRESIDENTIAL INITIATIVES

LAW ENFORCEMENT INITIATIVE

The Department estimates that over \$50 million a year in food stamps go illegally to convicted felons and prison inmates, and that a sizable number of retailers who accept food stamps make money from them illegally. This special law enforcement initiative is to provide funding for OIG to crack down on fraud and abuse in the food stamp and other nutrition programs, additional USDA programs such as rural development, and disaster and health and safety programs requiring immediate response.

Health and safety of food from production to the consumer is of special concern because of such highly visible emergencies as contaminated strawberries in the School Lunch Program and the tainted meat in the food distribution chain resulting in the recall of 25 million pounds of ground beef from public consumption. Also, OIG's recent pilot effort, Operation Talon, in 24 metropolitan areas around the country has been extremely successful, resulting in the arrest of over 2,200 fugitive felons, their removal from the food stamp rolls, and the savings of millions of dollars to the U.S. Treasury. This initiative is to allow the agency to expand these efforts nationwide.

CLIMATE CHANGE TECHNOLOGY INITIATIVE

Increases are proposed in the budget to support the President's Climate Change Technology Initiative (CCTI) as part of the Research Fund for America. The Department is requesting \$10 million to support the initiative in 1999, for a total of \$86 million over the next 5 years. Within the total increase, \$6 million will be devoted to research on biomass feedstocks, in cooperation with the Department of Energy. Research will be conducted to develop more efficient, cost-effective systems for biomass production, processing and conversion to energy, including alternative uses of cereal grains and modification of oils to develop substitute products for industrial products. Additional research on using improved herbaceous and woody crops for electricity generation and increasing the competitiveness of ethanol fuels will also be conducted. Research will be aimed at investigating mitigation tactics to minimize the adverse effects of agricultural production practices on climate change, including production practices which sequester greenhouse gases. Information will also be gathered to understand the sources and rates of emission of greenhouse gases, such as carbon dioxide, methane and nitrous oxide. The Forest Service will provide \$1 million for increased research on forest and rangeland carbon cycles, which will serve as the information base for analyzing the carbon maintenance criterion for sustainable forest management. In total, the ARS budget includes \$7 million and the Forest Service research proposal includes \$3 million to support this Initiative.

LAND, WATER, AND FACILITY RESTORATION INITIATIVE

The Forest Service faces growing demands to invest more to restore lands and to rehabilitate an aging infrastructure of public facilities. The budget proposes \$63 million for increased rehabilitation, maintenance, and land acquisition. These needed

PRESIDENTIAL INITIATIVES

investments will protect wildlife habitat, maintain recreation sites and preserve our national forests as a treasured legacy for future generations.

FARM AND FOREIGN AGRICULTURAL SERVICES

MISSION

The mission of the Farm and Foreign Agricultural Services (FFAS) area is to ensure the well-being of U.S. agriculture through delivery of commodity, credit, conservation, insurance, and export programs. The FFAS agencies include the Farm Service Agency (FSA), the Risk Management Agency (RMA), and the Foreign Agricultural Service (FAS). The Commodity Credit Corporation (CCC) is the source of funding for most of the conservation and commodity programs administered by FSA and the CCC export programs administered by FAS.

FARM SERVICE AGENCY (FSA)

Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Farm Loan and Grant Programs	\$2,376	\$2,979	\$2,995
Conservation Programs	1,814	1,836	1,718
Commodity Programs and Other	11,554	13,315	14,113
Salaries and Expenses	974	963	976
Total, FSA	<u>\$16,718</u>	<u>\$19,093</u>	<u>\$19,802</u>

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
Farm Loan and Grant Programs
Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1997 Actual		1998 Current Estimate		1999 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized . . .	\$829	\$9	\$1,700	\$20	\$1,700	\$20
Guaranteed Subsidized	216	20	231	22	200	17
Direct	516	65	490	32	500	34
Total, Operating Loans . . .	1,561	94	2,421	74	2,400	71
Farm Ownership Loans:						
Guaranteed Unsubsidized . . .	530	20	400	16	425	7
Direct	84	18 a/	46	6	85	13
Total, Ownership Loans . . .	614	38	446	22	510	20
Emergency Loans	145	44	63	16	25	6
Indian Land Acquisition Loans .	b/	b/	1	b/	1	b/
Credit Sales of Acquired Property	14	2	25	3	25	3
Boll Weevil Eradication	40	b/	21	b/	30	b/
State Mediation Grants	2	2	2	2	4	4
Total, Farm Credit Programs	<u>\$2,376</u>	<u>\$180</u>	<u>\$2,979</u>	<u>\$117</u>	<u>\$2,995</u>	<u>\$104</u>
RECAP:						
Appropriated Funding	\$2,366	\$178	\$2,979	\$117	\$2,995	\$104
Transfer-Fund for Rural America	10	2	0	0	0	0
Total, Farm Credit Programs	<u>\$2,376</u>	<u>\$180</u>	<u>\$2,979</u>	<u>\$117</u>	<u>\$2,995</u>	<u>\$104</u>

a/ Includes \$2 million in budget authority and \$10 million in program level transferred from USDA's Fund for Rural America.

b/ Less than \$0.5 million.

The 1999 budget provides additional funding for farm ownership loans. Program levels would be increased to \$85 million in direct loans and \$425 million in loan guarantees, compared to 1998 levels of \$46 million in direct and \$400 million in guarantees. In terms of people served, this means that 3,458 beginning and small farmers will be given an opportunity to either acquire their own farm or to save an existing one, 616 more than last year. Of those served, about 1,000 will receive direct loans and the rest will receive guarantees. This reflects Secretary Glickman's commitment to improve the opportunities

FARM AND FOREIGN AGRICULTURAL SERVICES

for beginning and small farmers and, in particular, members of socially disadvantaged groups.

The budget also provides for \$2.4 billion in direct and guaranteed farm operating loans, nearly the same funding level as 1998, and will serve an estimated 28,000 beginning and small farmers, about 12,000 of whom will receive direct loans. The share of direct loans made at the reduced interest rate for limited resource borrowers would be continued at current levels, about 61 percent for farm ownership loans and about 40 percent for farm operating loans. The budget also provides funding for the emergency loan, Indian acquisition, credit sales, and boll weevil eradication programs.

The Administration will also be proposing emergency legislation to modify the 1996 Farm Bill prohibition on loans to borrowers who received debt forgiveness. This is consistent with one of the recommendations made by USDA's Civil Rights Action Team, and will provide a second chance to borrowers who would otherwise be denied credit because of losses that may have occurred years ago.

In addition, the budget doubles funding for state mediation grants from \$2 million in 1998 to \$4 million in 1999. Mediation benefits family farmers, including many low income and socially disadvantaged farmers, who, because of mediation, are often able to resolve credit and other issues and remain on the farm. This program also supports the Vice President's National Performance Review initiative to achieve savings through the use of alternative dispute resolution. The increased funding will be used to support mediation programs in the 21 States currently certified in 1998, as well as any additional states which gain certification by 1999. Several states have expressed interest in establishing new programs or expanding their existing programs to include the mediation of other agricultural issues in addition to credit disputes.

Farm Service Agency
Conservation Programs
Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Conservation Reserve Program	\$1,719	\$1,836	\$1,718
Emergency Conservation Program . . .	95	0	0
Total, Conservation Programs	<u>\$1,814</u>	<u>\$1,836</u>	<u>\$1,718</u>

Conservation Reserve Program (CRP). The CRP is administered by FSA and financed by CCC. The Program offers producers annual rental payments for a 10- to 15-year period to remove highly erodible cropland and other environmentally sensitive land from production. Participants also receive cost-share help to establish long-term resource-conserving cover. Currently, about 28 million acres are enrolled in the program.

The 1996 Farm Bill authorized funding for CRP from the CCC and provided for new signups through 2002 to maintain enrollment of up to 36.4 million acres. The 15th signup, conducted in March 1997, was the first major signup under the 1996 Act and the largest CRP signup ever. USDA accepted about 17 million acres of the 23 million acres offered for enrollment. About 55 percent of those CRP acres that were scheduled to expire in 1997 were re-enrolled.

In the 16th signup, conducted in October and November 1997, over 9 million acres were offered for enrollment. As in past signups, acreage offered for enrollment was ranked using an environmental benefits index, although for the 16th signup the index was modified to address certain concerns arising from the 15th signup and to better protect the Nation's natural resource base. In addition to these scheduled signups, a continuous, non-competitive signup has been underway to enroll land in filter strips, riparian buffers, and similar conservation practices. Acreage enrolled under the continuous signup includes enrollment under the Conservation Reserve Enhancement Program and the National Conservation Buffer Initiative, programs which are designed to target program benefits to achieve specific local and regional conservation goals.

The 1999 budget assumes acreage enrolled under the 15th and 16th signups, in combination with the continuous signup, will bring CRP enrollment to about 32 million acres in 1998, to 34 million acres in 1999, and to an eventual enrollment of 36.4 million acres by 2001.

Emergency Conservation Program (ECP). Under this program, the Department shares the cost of carrying out practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters. In particular, it addresses those problems which if left untreated would: 1) impair or endanger the land; 2) materially affect the productive capacity of the land; 3) be so costly to rehabilitate that Federal assistance would be required to return the land to productive agricultural use; and 4) represent damage that is unusual in character and not the type which would recur frequently in the same area. Supplemental appropriations provided a total of \$95 million for the ECP program in 1997. No funds have been appropriated to date for the program in 1998, and the budget proposes no funding for the program in 1999.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency Commodity Program Outlays (Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Commodity:			
Feed Grains	\$2,988	\$3,088	\$2,991
Wheat	1,332	1,556	1,468
Rice	459	519	471
Upland Cotton	561	859	768
Tobacco	-156	-183	-160
Dairy	67	191	116
Soybeans	5	10	22
Peanuts	6	0	-1
Honey	-2	0	0
Sugar	-34	-38	-39
Other Crops	31	26	26
Subtotal	5,257	6,028	5,662
Disaster Assistance	130	15	4
Working Capital	-74	250	250
Other <u>a/</u>	-61	-44	25
Total, Commodity Programs	<u>\$5,252</u>	<u>\$6,249</u>	<u>\$5,941</u>

a/ Includes interest and operating expenses, reimbursable agreements, equipment, and an adjustment for Food for Progress commodity purchases.

Commodity price and income support programs are administered by FSA and financed through the CCC. These commodity programs were changed dramatically by provisions of the 1996 Farm Bill. In the past, deficiency payments for producers of feed grains, wheat, upland cotton and rice (contract commodities) were tied to market prices and decreased when market prices were high and increased when market prices were low. The 1996 Farm Bill replaced deficiency payments with fixed production flexibility contract payments. The production flexibility contract payments, based on historical program acreage and yields, are set by law for each of the seven years, from 1996-2002, and do not vary with market prices or current plantings. About 98 percent of the eligible crop acreage base has been enrolled in production flexibility contracts.

While the nonrecourse loan programs for contract commodities and oilseeds have been retained and continue to provide producers with some protection against sharp declines in market prices, the changes in the income support programs have diminished the

traditional role of the farm programs as a buffer against fluctuations in production and commodity prices. These changes underscore the importance of crop insurance programs that help farmers manage production risk. For producers of crops for which crop insurance is unavailable, the Noninsured Assistance Program (NAP), administered by FSA and funded through the CCC, provides coverage against catastrophic losses where area-wide crop losses exceed 35 percent of normal yields.

The 1996 Farm Bill also modified price support provisions for dairy, sugar, and peanuts. Dairy price supports are phased out and marketing orders are to be reformed and consolidated. With respect to sugar, the imposition of loan forfeiture fees effectively reduced sugar loan rates, marketing assessments were increased, and marketing allotments were suspended. The peanut program was made no-net-cost (program costs may not exceed program receipts), the minimum national peanut poundage quota was eliminated, and the quota loan rate was reduced.

The Administration continues to place a high priority in helping farmers to manage risk. Legislation will be proposed with the 1999 budget to maintain a strong crop insurance program by financing delivery expenses through mandatory rather than discretionary funding sources. Included in the budget offsets required for the proposal is a reduction in cotton user marketing certificates, also known as Step-2 payments. These payments, similar to the bonus payments under the Export Enhancement Program, are issued to domestic users and exporters and are designed to keep U.S. cotton competitive in world markets. The proposed legislation would cap Step-2 payments at \$140 million in 1999, \$110 million less than under current law.

Salaries and Expenses. The FSA's salaries and expenses account funds all management related activities for FSA programs. FSA also provides administrative support to the Foreign Agricultural Service (FAS) and to the Risk Management Agency (RMA) under a reimbursable agreement.

The 1999 budget proposes a program level of \$976 million estimated to support a ceiling of 5,646 Federal staff years and 9,980 non-Federal county staff years. The total program level includes appropriated funds, user fees, and carryover funds from prior year appropriations. Of the total program level, \$30 million is earmarked for expenditures relating to implementation of the Common Computing Environment (CCE) for the field service centers. The CCE will replace the aging and different business and technology systems of the partner agencies: FSA, NRCS and the RD mission area, with a common technology. When combined with streamlined business practices, this common technology will result in improved program delivery and customer service.

The 1999 program level net of the CCE earmark totals \$946 million. This is \$17 million less than the 1998 program level of \$963 million and reflects the continued impact of the 1996 Farm Bill, which shifts farm policy away from production-oriented programs to support farm income, such as deficiency payments, to fixed production flexibility contract payments. This change means fewer staff are needed to service these programs,

FARM AND FOREIGN AGRICULTURAL SERVICES

particularly at the field office level. The budget assumes increased collection of user fees from sharing program data with other agencies and private sector interests.

Farm Service Agency Commodity Credit Corporation (Dollars in Millions)

Program	Program Levels		Net Outlays	
	FY 1998	FY 1999	FY 1998	FY 1999
Commodity Programs:				
Price Support Loans	\$6,408	\$7,451	-\$88	-\$119
Production Flexibility Contracts	5,719	5,512	5,719	5,512
Cotton User Marketing Payments	204	140	204	140
Noninsured Assistance Payments	69	80	69	80
Disaster Assistance	15	4	15	4
Purchases and Sales	588	526	58	-2
Interest Expenditures	168	221	-56	-28
Other	144	179	328	354
Total, Commodity Programs	13,315	14,113	6,249	5,941
Conservation Programs:				
Conservation Reserve Program	1,798	1,694	1,798	1,694
Wetlands Reserve Program . .	219	124	122	167
Environmental Quality Incentives	200	300	157	167
Other	32	25	18	25
Total, Conservation Programs	2,249	2,143	2,095	2,053
Export Programs:				
Export Credit Guarantees . . .	5,000	4,615	383	308
Market Access Program	90	90	91	90
Export Enhancement Program	150	320	150	320
Dairy Export Incentive Program	99	82	111	92
Food For Progress Program .	104	109	101	106
Other	20	10	23	15
Total, Export Programs . . .	5,463	5,226	859	931
Pre-credit Reform Loan				
Repayments	0	0	-637	-505
Total, CCC	<u>\$21,027</u>	<u>\$21,482</u>	<u>\$8,566</u>	<u>\$8,420</u>

CCC is the source of funding for commodity programs administered by the Farm Service Agency, conservation programs administered by the Farm Service Agency and the Natural Resources Conservation Service, and export programs administered by the Foreign Agricultural Service. The CCC borrows funds needed to finance these programs from the U.S. Treasury and repays the borrowings, with interest, from receipts and from appropriations provided by Congress.

Changes over the last decade in commodity, disaster, and conservation programs have dramatically changed the level, mix, and variability of CCC outlays. Commodity program spending has declined, spending for ad hoc crop disaster programs has been virtually eliminated from multi-billion dollar programs in past years, and spending for conservation programs has increased from pre-1996 levels. Commodity program outlays account for about two thirds of total CCC outlays in 1999, and production flexibility contract payments account for nearly all of the commodity program outlays.

Conservation program outlays represent the second largest major category of CCC expenditures. The 1996 Farm Bill authorized CCC funding for the CRP administered by FSA and the Wetlands Reserve Program (WRP) and several new conservation programs administered by NRCS. The Agricultural Conservation Program, the Colorado River Basin Salinity Control Program, the Water Quality Incentives Program, and the Great Plains Conservation Program were replaced by the Environmental Quality Incentives Program (EQIP). EQIP and the Conservation Farm Option (CFO) give producers incentives to create long-term comprehensive farm plans. The Farmland Protection Program provides for the purchase of easements limiting nonagricultural uses on prime and unique farmland. The budget proposes to broaden minority access to conservation program benefits and help meet critical water quality goals by increasing CCC spending for EQIP by \$100 million in 1999.

Finally, the provisions of the Commodity Credit Corporation Charter Act limit CCC expenditures for computer equipment and cap at the 1995 level total allotments and transfers to State and Federal agencies under Section 11 of the Act for administrative support services. These provisions impose significant restrictions on the availability of CCC funds for transfers and reimbursable agreements used to fund conservation technical assistance and other support services for the conservation, commodity, and export programs.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency
Commodity Credit Corporation
Reimbursable Agreements and ADP Expenditures
(Dollars in Millions)

	1997 Actual	1998 Current Estimate	1999 Budget
Reimbursable Agreements:			
Annual Cap	\$46.2	\$46.2	\$46.2
Reimbursable Agreements	39.3	44.9	46.1
Balance	<u>\$6.9</u>	<u>\$1.3</u>	<u>\$0.1</u>
ADP Expenditures:			
Cumulative Cap	\$275.0	\$275.0	\$275.0
Cumulative ADP Expend.	36.1	142.7	219.1
Balance	<u>\$238.9</u>	<u>\$132.3</u>	<u>\$55.9</u>

FARM AND FOREIGN AGRICULTURAL SERVICES

RISK MANAGEMENT AGENCY (RMA)

Crop Insurance Program Program Level (Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Mandatory Program Level:			
Delivery Expenses	\$450	\$275	\$480
Other Federal Expense	3	11	11
Dairy Options Pilot Program	0	10	10
Indemnities	1,072	2,112	2,090
Total, Mandatory Program Level	1,525	2,408	2,591
Discretionary Program Level:			
Administrative and Operating Expenses	64	64	66
Delivery Expenses	0	189	0
Total, Discretionary Program Level	64	253	66
Subtotal, Program Level	1,589	2,661	2,657
Less: Producer Premium	-842	-982	-1,008
Underwriting Gains	340	136	136
Total Government Costs	\$1,087	\$1,815	\$1,785
 Loss Ratio	 0.76	 1.10	 1.075
 Allocation of Government Cost to:			
Companies <u>a/</u>	\$790	\$600	\$616
Producers <u>b/</u>	230	1,130	1,082
Federal Expense <u>c/</u>	67	85	87
 Percentage of Cost to:			
Companies	72.7%	33.1%	34.5%
Producers	21.1%	62.2%	60.6%
Federal Expense	6.2%	4.7%	4.9%

a/ Includes funds for delivery expenses (administrative reimbursements mandated by law) and underwriting gains to the reinsured companies.

b/ Includes payment of indemnities to producers for losses or damage to insured crops less premiums paid by producers.

c/ Includes administrative and operating expenses as well as research and development costs.

RMA's primary responsibility is to administer the crop insurance program on behalf of the Federal Crop Insurance Corporation (FCIC), which offers farmers protection against income losses due to production failures and, in some cases, market price declines. The 1999 budget provides for full funding of the crop insurance program, but proposes legislative changes to accommodate a shift in sales commissions for agents from discretionary to mandatory spending. This shift would consolidate all spending for the program other than salary related and operating costs into a single account and eliminate the possibility of the program being restricted by a limited appropriation of discretionary funds for sales commissions.

Since the 1994 reform, the program has been successful in alleviating the need for *ad hoc* disaster assistance. Roughly 63 percent of the insurable acreage nationwide is covered by the program, about 22 percent at the catastrophic risk protection (CAT) level of coverage (50 percent of the approved yield indemnified at 60 percent of expected market price), with the government subsidizing 100 percent of the premium. About 41 percent of insurable acreage is covered at higher levels of coverage for which producers pay a premium, a portion of which is also subsidized by the government. Producers may buy-up coverage to 75 percent of the approved yield indemnified at 100 percent of expected price, or purchase a new product, Crop Revenue Coverage (CRC), which allows producers to protect themselves against changes in the market price during the crop year even though they may not have sustained a production loss. CRC already accounts for about 16 percent of the business.

While the reform allowed for a dual delivery system, with the Farm Service Agency (FSA) providing CAT coverage and private insurance companies providing both CAT and buy-up coverage, Secretary Glickman made a determination in May 1997 that enough private insurance agents were available so that FSA involvement would not be required. Accordingly, the delivery system is essentially privatized. There are about 17 private insurance companies of various sizes participating in the program. Sales agents work for these companies, mostly on a commission basis, while loss adjusters are usually independent contractors under contract with the companies. Companies sell policies which the Government reinsures. However, the companies are required to retain some risk of loss on the policies they sell, for which they may earn underwriting gains or incur underwriting losses.

The 1999 budget for RMA includes a proposal to shift the payment for sales commissions from discretionary to mandatory funding. The proposal results in an increase of \$185 million in mandatory outlays, associated with \$205 million in budget authority for sales commissions. Since the shift will require mandatory or "PAYGO" offsets, the Administration will also propose various program changes, including a reduction in the loss ratio, a limit on CAT liability to \$100,000 and other changes. These changes are expected to take effect in the year 2000 because other program offsets, including reduced cotton marketing payments and savings from the Export Enhancement Program, are available for 1999.

FARM AND FOREIGN AGRICULTURAL SERVICES

FOREIGN AGRICULTURAL SERVICE (FAS)

International Programs and Activities Program Level (Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
CCC Export Credit Guarantees:			
Short-term Guarantees (GSM-102) . .	\$2,809	\$4,740	\$4,315
Intermediate-term Guarantees (GSM-103)	63	150	100
Supplier Credit Guarantees	4	100	150
Facilities Financing Guarantees	0	10	50
Total, Export Credit Guarantees . .	2,876	5,000	4,615
Market Access Program	90	90	90
Export Enhancement Program	0	150	320
Dairy Export Incentive Program	121	99	82
P.L. 480 Food Assistance	1,054	1,112	979
Food for Progress Program <u>a/</u>	91	104	109
FAS Salaries and Expenses	191	194	190
Total, International Programs	<u>\$4,423</u>	<u>\$6,749</u>	<u>\$6,385</u>

a/ Includes that portion of Food for Progress programming supported by CCC funds.

The Foreign Agricultural Service (FAS) administers a variety of export promotion, food assistance, and foreign market development programs. These activities are instrumental for achieving a primary objective of the Department's strategic plan -- the expansion of global market opportunities for U.S. agricultural producers. Changes in Federal farm policy have made U.S. farmers and ranchers more dependent upon exports to maintain and expand their income, and more vulnerable to shifting conditions in international markets. By helping to maximize export sales opportunities, the export programs help to stabilize prices and incomes and thereby contribute to a greater safety net for U.S. producers.

CCC Export Credit Guarantee Programs. Under these programs, CCC provides payment guarantees for the commercial financing of U.S. agricultural exports. These programs facilitate exports to buyers in countries where credit is necessary to maintain or increase U.S. sales, but where financing may not be available without CCC guarantees.

The 1999 budget adopts a new approach for presenting the program levels, budget authority, and outlays for the export credit guarantee programs. These estimates will now reflect the actual level of sales expected to be registered under the programs for which CCC guarantees will be issued rather than the authorized level. As a result of this change, the budget will present more realistic estimates of the costs of the guarantee programs, which have tended to be overstated in the past, and the accuracy of the CCC budget estimates will improve. The actual level of guarantees to be issued during the course of the year will not be limited by the budget estimates; instead, the annual level of programming will be determined by program demand, market conditions, and other relevant factors, similar to other CCC-funded programs. The Congressional Budget Office already presents its budget estimates for the guarantee programs on this basis.

Consistent with this new approach, the budget includes a projected overall program level of \$5.0 billion for export credit guarantees in 1998 and \$4.6 billion for 1999. These levels are substantially higher than the level of guarantee programming in recent years as they reflect the sizeable increase in programming in Southeast Asia and the Republic of Korea this year. A similar level of programming in these markets is expected during 1999.

Of the total program level for export credit guarantees expected to be issued by CCC in 1999, \$4.3 billion will be made available under the GSM-102 program, which provides guarantees on commercial export credit extended with short-term repayment terms (up to 3 years), and \$100 million will be made available under the GSM-103 program, which provides intermediate-term credit guarantees (3 to 10 year repayment terms).

For supplier credit guarantees, the budget includes an estimated program level of \$150 million for 1999. Under this credit activity, CCC guarantees payments due from importers under short-term financing (up to 180 days) that exporters extend directly to the importers for the purchase of U.S. agricultural products. This credit activity was implemented in 1996, and is particularly useful in facilitating sales of high value agricultural products.

The budget also includes an estimated program level of \$50 million for facility financing guarantees in 1999. Under this recently implemented activity, CCC provides guarantees to facilitate the financing of manufactured goods and services exported from the United States to improve or establish agriculture-related facilities in emerging markets. By supporting such facilities, these guarantees enhance sales of U.S. agricultural products to countries where demand may be constricted due to inadequate storage, processing, or handling capabilities.

Market Access Program (MAP). The purpose of MAP is to support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. Under the program, CCC funds are used to partially reimburse participating organizations for the costs of carrying out foreign market development activities in designated countries. Participating organizations include nonprofit agricultural trade organizations, State regional trade groups, and private companies. With respect to for-profit companies, provisions of the 1996 Farm Bill

changed the eligibility criteria for MAP to prohibit the provision of direct assistance to foreign firms for the promotion of foreign-produced products and to any firm that is not recognized as a small business concern under the Small Business Act. The budget provides a program level of \$90 million for MAP in 1999, the maximum annual program level established by the 1996 Farm Bill and unchanged from 1998.

Export Subsidy Programs. The Department currently has two export subsidy programs: the Export Enhancement Program (EEP) and Dairy Export Incentive Program (DEIP). Under these programs, bonus payments are made available to exporters of U.S. agricultural commodities to enable them to be price competitive and thereby make sales in targeted overseas markets where competitor countries are making subsidized sales.

There has been limited activity under EEP during the past two years due to world supply and demand conditions. However, the program remains in place and the awarding of export bonuses can be resumed should global market conditions warrant. The budget provides a program level of up to \$320 million for EEP in 1999, an increase of \$170 million above the 1998 program level which is limited to \$150 million by a provision of the 1998 Agriculture Appropriations Act.

The budget will propose a flexible, multi-year program level authorization for EEP for 1999 and subsequent years. Under this proposal, a total funding level of just under \$1.2 billion will be available for EEP during the 1999 to 2003 period. The proposal will provide administrative discretion to the Department to determine the annual level of funding for EEP (subject to the \$320 million limitation in 1999), and any funding that is not used in one year will remain available for use in a subsequent year. However, annual program levels will continue to be subject to the export subsidy reduction commitments established in conjunction with the Uruguay Round Agreement on Agriculture. This proposal will generate approximately \$1.4 billion in savings during this period, which will help to offset increased funding proposed in the budget for other mandatory spending proposals.

For DEIP, the budget assumes a somewhat lower level of program activity in 1999 due primarily to a projected tighter domestic market situation. However, the actual level of DEIP programming will be determined by market conditions in 1999, subject to the Uruguay Round Agreement subsidy reduction commitments.

FARM AND FOREIGN AGRICULTURAL SERVICES

Foreign Agricultural Service Public Law 480 Food Assistance Programs Program and Tonnage Levels

Program	1997 Actual	1998 Current Estimate	1999 Budget
Title I Credit Sales:			
Dollars in Millions	\$202	\$245	\$112
Million Metric Tons Grain Equivalent	0.9	1.2	0.5
Title II Donations:			
Dollars in Millions	813	837	837
Million Metric Tons Grain Equivalent	1.9	2.2	2.2
Title III Grants:			
Dollars in Millions	39	30	30
Million Metric Tons Grain Equivalent .	0.2	0.1	0.1
Total, P.L. 480 Programs:			
Dollars in Millions	\$1,054	\$1,112	\$979
Million Metric Tons Grain Equivalent .	3.0	3.5	2.8

Public Law 480 (P.L. 480). Also referred to as Food for Peace, P.L. 480 is the primary means by which the United States provides foreign food assistance. This assistance is provided through three separate program authorities.

Title I of P.L. 480 provides for sales of U.S. agricultural commodities to developing countries and private entities through concessional financing. In allocating assistance to be provided under the Title I program, priority is given to agreements which provide for the export of U.S. agricultural commodities to those developing countries which have demonstrated the potential to become commercial markets, are undertaking measures to improve their food security and agricultural development, and demonstrate the greatest need for food. The Title I program is administered by FAS.

Title II provides for donations of humanitarian food assistance to needy people in foreign countries in response to malnutrition, famine, and other extraordinary relief requirements. The assistance is provided primarily through private voluntary organizations, cooperatives, or international organizations, including the World Food Program of the United Nations. In the case of donations made in response to emergency needs, Title II assistance can also be provided through government-to-government agreements. The Title II program is administered by the Agency for International Development (AID).

Title III provides food assistance on a grant basis to least developed countries through government-to-government agreements. The donated commodities may be sold on the domestic market of the recipient countries, and the revenue generated from the sale is used to support programs of economic development. The Title III program is also administered by AID.

For 1999, the budget includes a total program level for P.L. 480 food assistance of \$979 million. This is expected to provide approximately 2.8 million metric tons of commodity assistance, a reduction of approximately 700,000 metric tons from the current estimate for 1998. While the Title I program level is reduced, the budget continues funding for Title II donations and Title III grants unchanged from 1998 levels. This will ensure that adequate resources are available to meet the most serious food assistance needs, including emergencies.

Food for Progress. Under this program, U.S. agricultural commodities are provided to developing countries and emerging democracies which have made commitments to introduce and expand free enterprise in their agricultural economies. Food for Progress agreements can be entered into with foreign governments, private voluntary agencies, nonprofit agricultural organizations, cooperatives, or intergovernmental organizations. Agreements may provide for the commodities to be supplied on either long-term credit or grant terms.

P.L. 480 Title I funds can be used for the procurement and transportation costs of the commodities. Alternatively, CCC-owned commodities can be made available under the authority of section 416(b) of the Agricultural Act of 1949 or CCC may purchase commodities if not in its inventory, with transportation and other non-commodity expenses paid with CCC funds.

The authorizing statute for Food for Progress limits annual programming to not more than 500,000 metric tons and limits CCC funding for the non-commodity costs (e.g., transportation) of programming to \$30 million per year. The budget assumes that approximately \$109 million of CCC funds will be used to support Food for Progress programming in 1999. This includes \$79 million for the purchase of commodities by CCC and \$30 million for transportation and related costs. Additional Food for Progress programming is expected to be carried out with funding made available under P.L. 480 Title I.

FARM AND FOREIGN AGRICULTURAL SERVICES

Foreign Agricultural Service Salaries and Expenses (Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Market Access	\$22	\$23	\$25
Market Development, Promotion, and Outreach	63	64	61
Market Intelligence	22	23	26
Financial Marketing Assistance	17	17	19
Long-term Market and Infrastructure Development	12	13	15
Total, Appropriated Programs	136	140	146
CCC Computer Facility and Other IRM Costs Funded by CCC	11	10	a/
Emerging Markets Program Funded by CCC	10	10	10
Development Assistance Programs Funded by AID and Other Organizations	31	32	32
Other Reimbursable Agreements	3	2	2
Total Reimbursable Program Activity ..	55	54	44
Total, FAS Program Level	\$191	\$194	\$190

a/ In 1999, these costs will be funded through FAS appropriations.

The FAS mission, as established in the agency's strategic plan, is to serve U.S. agriculture's international interests by expanding export opportunities for U.S. agricultural, fish, and forest products and promoting world food security. FAS carries out its mission on a worldwide basis through the following program activities:

- **Market Access** -- international trade policy formulation, negotiation and monitoring activities designed to reduce foreign trade barriers and increase market access for U.S. agricultural products.
- **Market Development, Promotion, and Outreach** -- activities designed to increase domestic awareness of export opportunities, facilitate export readiness, and link export-ready and new-to-export firms to market entry opportunities; and activities designed to create demand for U.S. agricultural products in foreign markets, including the Foreign Market Development (Cooperator) Program and food and agricultural trade shows.

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- **Market Intelligence** -- market intelligence and reporting activities which provide U.S. producers, exporters, and government officials with information and analysis of world agricultural production and trade.
- **Financial Marketing Assistance**--administration of the Department's major commercial export programs, including the CCC export credit guarantee and export subsidy programs.
- **Long-Term Market and Infrastructure Development** -- administration of foreign food assistance programs and international cooperation and development activities, including scientific and technical exchanges, cooperative research, liaison with international food and agricultural organizations, and agricultural technical assistance and training, including the Cochran Fellowship Program.

The 1999 budget includes appropriated funding for FAS of \$146 million, an increase of \$6 million above the 1998 level. The budget includes a requested increase of \$2 million to establish a buying power maintenance fund to assist FAS in managing unanticipated changes in the costs of its overseas operations, which can result from exchange rate losses or gains and overseas inflation. Under the proposal, a revolving fund will be established which can be drawn upon to meet higher costs resulting from exchange rate losses. Alternatively, any exchange rate gains will be credited to the account and will remain available to help meet future exchange rate losses.

The 1999 FAS budget includes \$4 million for overseas administrative services provided by the Department of State in support of the International Cooperative Administrative Support Services (ICASS) program. In 1998, \$4.4 million was transferred from the Department of State for this purpose.

The budget also provides \$500,000 for FAS to re-engineer its program performance measurement and evaluation tools, which are a critical element in meeting requirements of the Government Performance and Results Act. Under this initiative, FAS will develop a cross-agency performance tracking and evaluation system to determine success rates in implementing the goals and objectives established in the FAS strategic plan. In addition, FAS will evaluate and re-engineer its crop and market intelligence gathering, evaluation, and dissemination processes to increase their efficiency and responsiveness to internal and external customer needs.

The budget also proposes to shift funding for the operating costs of the CCC Computer Facility, which serves as the Department's collection point for international production intelligence and crop estimates, and other related FAS Information Resources Management (IRM) costs to the FAS appropriation. Funding for these costs is currently provided through a reimbursable agreement with CCC. As a result of this change, these costs will shift from mandatory to discretionary spending, and they will no longer be subject to the annual limitation in Section 11 of the CCC Charter Act with respect to CCC reimbursable agreements established by provisions of the 1996 Farm Bill.

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The IRM costs to be shifted to FAS appropriated funding are estimated at \$12 million in 1999. FAS will meet these costs through staff year and associated administrative cost reductions and through increased cost-share contributions to the Foreign Market Development Program.

Finally, the FAS budget includes an estimated \$44 million in funding to be made available through reimbursable agreements. The largest component of this is funding for technical assistance, training, and research activities which FAS carries out overseas on behalf of the Agency for International Development, foreign governments, and international organizations. It also includes funding made available by CCC for the Emerging Markets Program. This program supports technical assistance and related activities which further U.S. market development objectives in promising overseas growth markets.

RURAL DEVELOPMENT

MISSION

The Rural Development mission area strives to improve the quality of life in rural America by providing financial assistance and working with rural communities through partnerships, empowerment and technical assistance. Outreach and targeting are used to ensure that rural communities that have been under-served in the past have an opportunity to receive their fair share of Federal assistance.

Three agencies comprise the Rural Development mission area: the Rural Housing Service (RHS), the Rural Utilities Service (RUS) and the Rural Business-Cooperative Service (RBS) which also houses the Alternative Agricultural Research and Commercialization Corporation (AARCC). Under the Department's streamlining and reorganization effort, the field office delivery system for the three agencies was consolidated and is now co-located within USDA Service Centers.

RURAL DEVELOPMENT

Program Level (P.L.) and Budget Authority (B.A.) (Dollars in Millions)						
Program	1997 <u>Actual</u>		1998 <u>Cur. Est.</u>		1999 <u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Utilities Service	\$2,789	\$683	\$3,100	\$696	\$3,225	\$753
Rural Housing Service	4,192	1,211	5,617	1,282	5,951	1,324
Rural Business-Cooperative Service	965	98	1,192	103	1,187	108
Alternative Agricultural Research and Commercialization Corporation	8	7	7	7	10	10
Total, Rural Development .	<u>\$7,954</u>	<u>\$1,999</u>	<u>\$9,916</u>	<u>\$2,088</u>	<u>\$10,373</u>	<u>\$2,195</u>

The 1999 budget includes almost \$2.2 billion in budget authority for Rural Development, which is intended to support about \$10.4 billion in program level. This is an increase of over \$450 million in program activity over 1998 and reflects the Administration's strong support for ensuring that rural Americans have the same opportunities for economic growth that exist in urban areas.

The major provisions of the Rural Development budget include:

- \$1 billion in direct loans and \$3.1 billion in guaranteed loans for single family housing. These levels support the President's National Homeownership initiative by making more homeownership opportunities available in rural America. Direct loans will continue to be available only to low income families who receive an interest subsidy,

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low-income meaning less than 80 percent of area median income. Guaranteed loans will remain available to families up to 115 percent of median area income. Further, the Administration will propose legislation to make guaranteed loans available for refinancing existing direct loans -- \$100 million is included in the \$3.1 billion overall funding level for this purpose. These loans will be made when graduation to conventional credit cannot be accomplished because borrowers have insufficient equity in their homes. The 1999 program levels will allow the agency to provide 26,000 home ownership opportunities in rural America and improve 39,000 existing homes.

- \$100 million for direct loans and \$150 million in guaranteed loans for multi-family housing. These levels represent a reduction of about \$30 million in direct loans from the amount available for 1998, but a significant increase in guaranteed loans, which were first introduced in 1997. The guaranteed loan program has operated on a pilot basis to date but has shown great potential, particularly where it can be used to leverage other Federal, State and local or private financing. This program fills a need in the low-to-moderate income range in rural America that is currently unmet.
- \$583 million for rental assistance, which is provided to multi-family and farm labor housing project owners. Rental assistance makes up the difference between what the low-income tenant pays and the rent required for the project owner to meet debt servicing requirements. This funding level provides \$544 million for renewal of contracts on existing units. The remainder will be used for rental assistance for an expanded farm labor housing program as part of the Secretary's Civil Rights Initiative, and other needs, such as new construction, rehabilitation, and preservation servicing.
- \$500 million in grants and \$839 million in loans (including \$75 million in guarantees) for water and waste disposal projects. The combined totals of loans and grants represent an increase of \$66 million over the 1998 level. Continuation of the program at these levels is consistent with the President's Water 2000 Initiative which was designed to help ensure that all rural households have access to clean running water by the year 2000.
- \$1 billion in guaranteed loans and \$50 million in direct loans for business and industry. Further, the Department will use the authority to transfer funds authorized in the 1998 appropriation to support \$1 billion in guaranteed loans in 1998. These levels reflect the emphasis this Administration is giving to ensuring that there are more job opportunities in rural America. It is estimated that \$1 billion in guaranteed loans produces about 38,000 jobs. In prior years, the program was limited to as little as \$100 million in loans.
- \$1.65 billion in direct loans for rural electric and telephone systems, including a proposal which would provide \$400 million for Treasury rate electric loans.
- \$165 million in loans and grants for Distance Learning & Telemedicine (DLT) facilities. These levels are about the same as available for 1998 for DLT.

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- In addition, the Administration will propose legislation to provide \$100 million in grants, over five years, for five rural communities to be designated as Empowerment Zones. Authority for a second round of designers was included in the Taxpayer Relief Act of 1996. The Administration's proposal would provide funding as mandatory spending. This funding would be in addition to funding targeted to EZ/EC's under Rural Development's on-going programs, which in 1998 is estimated at \$129 million.
- The budget reflects the funding flexibility under the Rural Community Advancement Program (RCAP) that was enacted as part of the 1996 Farm Bill. RCAP allows funds to be transferred among programs to ensure better coordination in meeting local priorities and the 1999 budget assumes the full transfer flexibility authorized in the 1996 Farm Bill. The table below indicates the programs and funding levels included in RCAP.

Rural Community Advancement Program
Sources of Funding
(Dollars in Millions)

Program	1999 Program Level	1999 Budget Authority
Water and Waste Disposal Loans:		
Direct	\$764	\$126
Guarantees	75	0
Water and Waste Disposal Grants	500	500
Solid Waste Management Grants	3	3
Community Facility Loans:		
Direct	200	28
Guarantees	210	0
Community Facility Grants	8	8
Business and Industry Loans:		
Direct	50	0
Guarantees	1,000	10
Rural Business Enterprise Grants	40	40
 Total, Loans and Grants.	 <u>\$2,850</u>	 <u>\$715</u>

RURAL DEVELOPMENT

RURAL UTILITIES SERVICE

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1997 Actual		1998 Cur. Est.		1999 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Loan Programs:						
Electric Loans:						
Direct 5%	\$69	\$4	\$125	\$9	\$55	\$7
Direct, Treasury (Proposed Leg)	0	0	0	0	400	1
Municipal	455	28	500	21	250	22
FFB Guaranteed	300	3	300	3	300	0
Total, Electric Loans	824	35	925	33	1,005	30
Telecommunications Loans:						
Direct 5%	75	1	75	3	50	5
Treasury Rate	170	a/	300	a/	300	1
FFB Guaranteed	36	0	120	0	120	0
Total, Telecom. Loans	281	1	495	3	470	6
Rural Telephone Bank (RTB)	100	1	175	4	175	5
Total, Elec., Tele. and RTB	1,205	37	1,595	40	1,650	41
Distance Learning and Telemedicine Treasury Rate Loans	150	a/	150	a/	150	a/
Water and Waste Disposal Loans						
Direct b/	833	72	691	67	764	126
Guaranteed b/	3	0	75	0	75	0
Total, Wtr & Wst Dis Loans	836	72	766	67	839	126
Grant Programs:						
Distance Learning & Telemed.	9	9	13	13	15	15
Water and Waste Disposal b/	519	496	507	507	500	500
Solid Waste Management b/	2	2	3	3	3	3
Emergency Community Water	1	0	0	0	0	0
Total, Grants	531	507	523	523	518	518
Total, RUS Loans & Grants	2,722	616	3,034	630	3,157	685
Salaries and Expenses	67	67	66	66	68	68
Total, RUS	\$2,789	\$683	\$3,100	\$696	\$3,225	\$753

a/ Less than \$0.5 million.

b/ These are included in the Rural Community Advancement Program. (See page 42.)

RURAL DEVELOPMENT

The electric and telecommunications programs administered by RUS provide loans to establish, expand, and modernize facilities to improve service to rural residents. The 1999 budget signals a shift in these programs from the highly subsidized direct 5 percent and municipal rate loans to greater reliance on FFB-insured and direct Treasury rate loans. To facilitate this shift the Administration will propose legislation authorizing \$400 million in direct Treasury rate electric loans. This authority will be similar to the direct Treasury rate authority currently used by the telecommunications program. Overall, the 1999 program level for electric loans will increase by \$80 million over 1998. This level of funding is expected to create 20,000 jobs in rural areas and provide improved electric service to 1.6 million rural residents.

Further, direct 5 percent telecommunications loans will decrease about \$25 million from 1998, while other telecommunications programs will remain at their 1998 levels. The total level of telecommunications assistance will result in the creation of about 13,000 construction-related jobs in rural areas, about 206,000 new residents and businesses will receive telecommunications service, and 1.1 million rural customers will access improved telecommunications service. This is a decrease from the 1998 level when almost 215,000 new residents and businesses received services and 1.2 million customers received improved services.

The water and waste disposal program provides grant and direct and guaranteed loan assistance to communities with populations not in excess of 10,000. Communities must be denied access to commercial credit to be eligible for assistance. Loan and grant funds are provided to communities to establish, expand, and modernize water treatment and waste disposal facilities. Through the Administration's Water 2000 initiative, the Department targets a portion of its water and waste disposal resources to the estimated 2.5 million rural residents who have some of the Nation's most serious drinking water availability, dependability, and quality problems. At the 1999 budget levels, the program is expected to create 30,000 rural jobs, provide new water services to 500,000 rural residents and improved water services to almost 900,000 rural residents. The 1999 level will also provide new or improved waste disposal facilities serving an estimated 410,000 rural residents.

The Distance Learning and Telemedicine (DLT) program provides assistance for facilities and equipment to provide telecommunications linkages among education and health care facilities. Grant funding is available for those areas experiencing high poverty levels while loans or a combination loans and grants are available for areas with higher income levels. The program continues to experience a demand for grant funds far in excess of the amount of funding that has been available. In 1997, nearly 60 percent of successful DLT applicants met the poverty requirements necessary to qualify for grant only assistance. The budget provides \$15 million in grants and \$150 million in loans for distance learning and telemedicine. This would increase grant funding by about \$2.5 million over 1998, while maintaining loans at their previous level. The additional grant funding is expected to provide assistance for about 11 additional grant only (high-poverty) projects or about 26 additional loan and grant (lower-poverty) projects.

RURAL DEVELOPMENT

RURAL HOUSING SERVICE

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1997 Actual		1998 Cur. Est.		1999 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Housing Loans:						
Single-Family:						
Direct	\$706	\$83	\$1,000	\$128	\$1,000	\$118
Guarantees	2,000	5	3,000	7	3,000	3
Guarantee Unsub Refinancing	0	0	0	0	100	0
Multi Family Housing:						
Direct (Sec 515)	152	78	129	69	100	48
Guarantees (Sec 538)	28	1	20	1	150	3
Very Low-Income Repair	30	11	30	10	25	9
Farm Labor Housing	15	7	15	7	32	17
Self-Help Housing	a/	a/	a/	a/	5	a/
Housing Site Development	1	0	1	0	5	a/
Credit Sales	24	4	25	4	30	5
Total, Housing Loans	2,956	189	4,220	226	4,447	203
Community Facility Loans:						
Direct b/	137	12	206	17	200	28
Guarantees b/	83	b/	153	1	210	0
Total, Community Facility Loans	220	12	359	18	410	28
Grants and Payments:						
Community Facility	6	6	9	9	8	8
Very Low-Income Repair	18	16	25	25	25	25
Farm Labor Housing	9	6	10	10	13	13
Mutual and Self-Help	26	26	26	26	26	26
Supervisory and Technical Asst.	1	0	0	0	0	0
Compensation for Const. Defects	a/	0	0	0	1	0
Rural Housing Preservation	8	8	11	11	9	9
Rental Assistance Payments	520	520	541	541	583	583
Fire Protection Grants	1	1	2	2	c/	c/
Total, Grants	589	583	624	624	665	664
Total, Loans and Grants	3,765	784	5,203	868	5,522	895
Salaries and Expenses	427	427	414	414	429	429
Total, RHS	\$4,192	\$1,211	\$5,617	\$1,282	\$5,951	\$1,324

a/ Less than \$0.5 million.

b/ These are included in the Rural Community Advancement Program (See page 42.)

c/ Funding is requested in the Forest Service budget.

RURAL DEVELOPMENT

The 1999 budget for RHS supports a program level of about \$6 billion, an increase of over \$300 million from 1998. Of the total program level, over \$4.8 billion is in the form of loans.

The single family housing direct loan program provides subsidized loans for the purchase of modest housing in rural areas. Loans are made at a graduated interest rate level from 1 percent to the Treasury rate, which is currently 6.5 percent, depending on family income, to families who have income under 80 percent of the area median. Nationally, the average annual income of a direct loan borrower is about \$17,000, which is about 55 percent of area median income. Loan guarantees primarily serve families with moderate incomes, with the interest rate negotiable between the lender and borrower.

The Section 515 program would be reduced to \$100 million in 1999. This program provides direct loans to construct and maintain multifamily rental projects that serve low and very low income families. Projects receive payment assistance to make rents affordable. The average annual income of a Section 515 tenant is \$7,300. The 1999 request will provide for the construction of 1,667 new units and the rehabilitation of 4,146 existing units.

The Section 538 multifamily loan guarantee program guarantees loans that are made by private lenders. It differs from the Section 515 direct loan program in that the projects it finances serve tenants with incomes up to 115 percent of the area median, rather than those below 80 percent of the area median. Because it serves higher income tenants, less subsidy is required, and the program costs only about \$2 for every \$100 guaranteed. The 1999 request of \$150 million would provide for the construction of 4,087 units.

The 1999 budget provides \$583.4 million for the rental assistance program, an increase of \$42 million from the 1998 level. Rental assistance is provided to project owners in the form of 5-year contracts. These contracts are tied to the income of tenants in low-income units, who pay no more than 30 percent of their income in rent. Rental assistance makes up the difference between what the low-income tenant pays and the rent required for the project owner to meet debt servicing requirements. When the 5-year contracts expire, they must be renewed to keep the unit available for low income families and the project viable for the sponsor.

As part of the Civil Rights Action Team recommendations, the 1999 budget recommends \$32 million for farm labor housing loans and \$13 million for farm labor housing grants, an increase of \$17 million in loans and \$3 million in grants from last year's levels. This would provide for the construction of 658 new units and rehabilitation of 199 existing units of housing for farm workers.

The community facilities program provides direct loans, guarantees and grants to finance essential community facilities, with priority given to health and safety facilities. There are three interest rates available on direct loans, with the lowest, 4.5 percent, offered to communities where the median income is below the poverty level and for projects to meet health and safety standards. The 1999 budget provides \$200 million in direct loans, \$210 million in guarantees, and \$8 million in grants.

RURAL DEVELOPMENT

RURAL BUSINESS-COOPERATIVE SERVICE (RBS)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1997 Actual		1998 Cur. Est.		1999 <u>a/</u> Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Loans:						
Business and Industry:						
Guarantees <u>a/</u>	\$815	\$8	\$1,001	\$10	\$1,000	\$10
Direct <u>a/</u>	12	<u>b/</u>	50	0	50	0
Intermediary Relending Prog.	37	17	35	17	35	18
Rural Economic Development	12	3	25	6	15	4
Total, Loans	877	28	1,111	33	1,100	32
Grants:						
Rural Business Enterprise <u>a/</u> .	48	41	38	38	40	40
Rural Cooperative Development	2	2	2	2	2	2
Appropriate Technology Transfer for Rural Areas	1	1	1	1	2	2
Rural Economic Development	11	<u>c/</u>	11	<u>c/</u>	11	<u>c/</u>
Federal/State Research on Cooperatives	0	0	0	0	2	2
Total, Grants	62	44	52	41	57	46
Total, Loans and Grants	939	72	1,163	74	1,157	78
Salaries and Expenses	26	26	29	29	30	30
Total, RBS	\$965	\$98	\$1,192	\$103	\$1,187	\$108

a/ These are included in the Rural Community Advancement Program. (See page 42.)

b/ Less than \$0.5 million.

c/ Earnings generated by the interest differential on voluntary cushion of credit payments made by RUS borrowers provide the subsidy to support these loans and grants.

RURAL DEVELOPMENT

RBS administers the Department's rural business assistance programs, including technical assistance, development, and research on agricultural cooperatives. The agency delivers a wide variety of services to its clients. Business and Industry (B&I) loan guarantees, for example, provide protection against loss so that private lenders are willing to extend credit to establish, expand, or modernize rural businesses. Other programs, including the intermediary relending program and the rural economic development loan and grant programs allow local sponsors to borrow from the agency in order to make loans to businesses and other organizations for developmental purposes. Special efforts are being made to help rural communities diversify, particularly into value-added processing, by directing B&I funds to cooperatives.

The budget provides \$1 billion in guaranteed loans and \$50 million in direct loans under the business and industry loan program. Direct loans will be targeted to those areas which have traditionally been under-served by commercial lenders. Loan guarantees help expand investment in rural areas by protecting commercial lenders against loss. In addition, loan guarantees may be used to provide financing to farmers for the purchase of start-up capital stock in a cooperative which will process the commodity being produced by the farmer. This level of assistance is consistent with the Administration's strong commitment to expanding the rural economy and is expected to create or save over 38,000 jobs in rural America.

The budget provides \$35 million for the intermediary relending program. The intermediary relending program provides loans at 1 percent interest to local intermediaries who relend those funds to local businesses and other organizations to expand or improve the local economic base. This level of funding is expected to create or save about 24,000 jobs in rural America.

In addition, the 1999 budget includes \$2 million for research on cooperatives. This funding will be used to establish cooperative agreements, primarily with State universities and colleges, for research on rural cooperatives.

Rural cooperatives are growing not just in numbers but also in terms of non-traditional forms and uses. Cooperatives are forming strategic alliances with privately held corporations, engaging in value-added processing, and entering the retail and export markets. However, research on cooperatives has not kept pace with this growth, particularly with respect to non-traditional cooperative activity. For example, wheat producers in North Dakota formed a cooperative to process and market gourmet pasta to compete with import brands, and residents of Smith Island, Maryland, formed a cooperative to shell and clean crabs for sale to area restaurants and packing facilities, helping to save a way of life which has existed for generations. Through the cooperative form of business, rural residents are finding ways to save their way of life, add value to their product, and bring more income home to the farm gate and family plate.

RURAL DEVELOPMENT

ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION (AARCC)

Program Level (P.L.) and Budget Authority (B.A.)
(Dollars in Millions)

Program	1997		1998		1999	
	Actual		Cur. Est.		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Investments	\$8	\$7	\$7	\$7	\$10	\$10

Operating essentially as an autonomous organization, the Alternative Agricultural Research and Commercialization Corporation (AARCC) makes equity investments in rural businesses to assist in the technological development and commercialization of industrial (non-food, non-feed) uses for agricultural and forestry materials and animal by-products. These equity investments allow start-up businesses an opportunity to become successful prior to undertaking repayment, thereby offering greater flexibility towards repayment than can be accommodated under conventional loan terms which require immediate repayment.

The budget provides \$10 million for AARCC, including, about \$1.5 million for administrative expenses, which is the maximum allowed by law. This level of funding is expected to help bring 6 new products to market and create about 1,500 new jobs in rural America. This level of funding compares to about \$7 million in 1998, of which about \$1 million is expected to be used for administrative expenses.

FOOD, NUTRITION, AND CONSUMER SERVICES

FOOD AND NUTRITION SERVICE (FNS)

The Food and Nutrition Service (FNS) administers America's domestic nutrition programs. The mission of FNS is to provide children and needy families better access to food and a more healthful diet through its nutrition assistance programs and comprehensive nutrition education efforts. FNS fulfills its mission principally via food stamps, the cornerstone of our National commitment to protect the nutrition, health, and well-being of low-income families; the Child Nutrition Programs; the Commodity Assistance Programs (CAP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). These programs support the Administration's goals of encouraging work, family and responsibility, as well as fighting hunger where it exists.

Food and Nutrition Service Program Level (Dollars in Millions)			
Program	1997 Actual	1998 Current Estimate	1999 Budget
Food Stamp Program <u>a/</u>	\$21,767	\$21,177	\$22,956 <u>b/</u>
Nutrition Assistance for Puerto Rico	1,174	1,204	1,236
Total, Food Stamp Program	22,941	22,381	24,192
Child Nutrition Programs	8,965	9,197	9,636
Special Supp. Nutrition Program (WIC). . .	4,039	4,012	4,161 <u>c/</u>
Commodity Assistance Program:			
Commodity Supp. Food Program	93	96	96
Nutrition Program for the Elderly	146	142	141
Soup Kitchens, Food Banks and The Emergency Food Assistance Program (TEFAP)	172	145	145
Gleaning Initiative	0	0	20
WIC Farmers' Market Nutrition Program	7	12	15
Total, CAP	418	395	417
Food Program Administration	106	108	112
Total, FNS	<u>\$36,469</u>	<u>\$36,093</u>	<u>\$38,518</u>

a/ Amount includes funding for Food Distribution Program on Indian Reservations (FDPIR).

b/ In addition, the 1999 budget includes a \$1 billion contingency reserve for the Food Stamp Program.

c/ In addition, the 1999 budget includes a \$20 million contingency reserve for the WIC program.

FOOD, NUTRITION, AND CONSUMER SERVICES

The Department's 1999 budget funds the anticipated current needs of the Food Stamp and Child Nutrition Programs and includes a legislative proposal to provide food stamp eligibility to otherwise eligible legal immigrants, with certain exceptions. A \$149 million increase in the program level for WIC and a \$20 million contingency for unexpected increases in food costs, is also requested. Central to their mission as nutrition programs, these programs provide nutrition education to empower participants with the skills and knowledge to make food choices for a healthy diet. Additional funds are also requested to promote gleaning and ensure the safety of school meals. Finally, the budget continues the emphasis on strengthening program integrity in the Food Stamp, Child Nutrition, and WIC Programs. The details of the nutrition programs follow.

Food Stamps. The 1999 budget funds anticipated growth in participation of about 572 thousand over 1998 estimates, projected food inflation, and provides \$1 billion for a contingency reserve. In addition, legislation is proposed to restore food stamp eligibility to otherwise eligible legal immigrant families with either children, elderly or disabled persons. This change would increase participation by about 730 thousand. The legislation would also address the allocation of administrative costs between the Temporary Assistance for Needy Families (TANF) program, Medicaid, and the Food Stamp Program.

FNS continues to aggressively fight food stamp trafficking fraud and the sale of non-food products for food stamps by coordinating with the Office of the Inspector General (OIG) to conduct "sweeps" to identify and eliminate ineligible stores from the program. Electronic Benefit Transfer (EBT) implementation will continue under this request. Substituting electronic debit cards for food coupons provides benefits more conveniently to recipients, and in most cases retailer and program administrative costs can be reduced. EBT simplifies benefit delivery and provides USDA with new and powerful sources of data useful in detecting retailer and recipient trafficking and fraud. Funding for Nutrition Assistance to Puerto Rico is requested at \$1.2 billion, the same as the authorized level.

Child Nutrition Programs. Increasing the public understanding of proper nutrition is also a major Departmental objective that is promoted through the nutrition assistance programs. A priority continues to be increasing children's understanding of nutrition and improving their diets through the School Meals Initiative for Healthy Children in the Child Nutrition Programs. The National School Lunch, School Breakfast, Summer Food Service, Special Milk, and Child and Adult Care Food Programs (CACFP) also play a significant role in achieving this goal by assisting State and local governments in serving healthful, nutritious meals to children in various settings, with greatest emphasis on helping low income children. These programs assist pre-school and school-aged children by subsidizing the provision of nutritious meals and helping to assure that children are in school ready to learn and that they learn by example about proper nutrition. Special subsidies are also provided under these programs so that low-income children receive meals free or at a greatly reduced price. Under the current Child Nutrition Programs, especially CACFP, USDA helps support child care that helps the Nation's working people as well as work-able welfare recipients gain training and gain and maintain employment. USDA plans to request reauthorization of these programs in 1998.

For 1999, the Child Nutrition Programs are funded at the current services level, providing for increases in participation and food costs. The Department continues to work with the States to improve the appeal and nutritional quality of school meals, and to help schools bring their meals into compliance with the Dietary Guidelines for Americans. The Department is also placing increased emphasis on food safety education and in improving program integrity by enhancing the management of school meal service. These improved National nutrition standards, consistent National eligibility standards and the guarantee of free meals to children from low income households, are the central features of the school programs.

USDA supports States and the schools in improving program offerings and participant nutritional intake through technical assistance, through Team Nutrition, an integrated network of public-private partnerships; through the Nutrition Education and Training Program, and through having the meal providers set a good nutritional example every day at meal time. Team Nutrition will support a number of improvements, including training for staff from States and local School Food Authorities to help food service workers improve meals, and nutrition education to give children the skills and motivation necessary to make food choices for a healthy diet.

WIC. The WIC program helps improve the health of low-income pregnant, breast-feeding and postpartum women, infants and children up to their fifth birthday. WIC supplements households' food resources with coupons which they may redeem for specified foods such as milk, eggs, cheese, fruit juices, cereal and infant formula. In addition to these food supplements, WIC provides nutrition education and linkages to other important health and social services. Approximately 46 percent of all infants born in the United States are WIC beneficiaries. The program is also credited with contributing to better birth outcomes and reductions in childhood anemia, key indicators of the health of America's children.

Part of the WIC program's focus is on improving integrity and increasing efficiency. USDA is committed to improving program management by refining fund allocation procedures in order to be more responsive to States' needs and more efficient in recovering and reallocating funds from States that do not need them to States that do. USDA will also implement policy which takes into careful consideration the recommendations of the National Academy of Sciences, Institute of Medicine regarding State nutrition risk assessment and targeting practices. This effort was undertaken in conjunction with the National Association of WIC Directors and will ensure that States use consistent and sound criteria to determine the nutritional risk status of applicants. This policy will ensure that only low-income persons at nutritional risk will be enrolled in WIC. USDA is also taking action to strengthen income documentation so that benefits are targeted only to those meeting income guidelines. Finally, WIC will look at ways to keep program costs low, building on the program's performance in keeping unit food costs essentially flat for the past 10 years.

Commodity Assistance Programs. The Commodity Assistance Programs (CAP) provide commodities distributed through several programs. The Emergency Food Assistance Program (TEFAP) provides administrative funding and certain commodities to the network

of food banks and other programs which assist households in need of immediate, short-term food assistance. TEFAP providers also typically distribute significant quantities of commodities donated by the private sector, thereby leveraging the Federal investment. Commodities are also made available to soup kitchens and food banks, primarily to benefit the homeless. In twenty States, the Commodity Supplemental Food Program (CSFP) also provides commodities to low-income elderly and women, infants and children not on WIC. In coordination with the Department of Health and Human Services (DHHS), FNS also administers the Nutrition Program for the Elderly (NPE) which provides subsidized meals to persons aged 60 or older at low-income elderly centers or through the "meals on wheels" program.

The WIC Farmers' Market Nutrition Program provides WIC participants access to fresh fruits and vegetables and expands the awareness and use of farmers' markets by consumers. In past years, funds for the program have been included within the WIC appropriation, to the extent that the funds were not required to support existing WIC caseload. In order to ensure availability of funds, the 1999 budget proposes \$15 million within the Commodity Assistance Program account. This is a \$3 million increase over the 1998 level.

The CSFP budget request will fund current participation levels. Funding for TEFAP includes both discretionary funding of \$45 million usable for program administration or food, at the election of State officials, and \$100 million available under the Food Stamp Program appropriation to be used for purchasing commodities for distribution to the States.

Gleaning and Food Recovery Initiative. The American agricultural system is one of the most productive and efficient in the world. Nonetheless, 37 million people were living below the official poverty level in 1996, while 27 percent, or 96 billion pounds, of the 356 billion pounds of edible food available for human consumption in the United States were lost to human use. The budget includes \$20 million for a new community based grant program and other initiatives to help Americans recover some of that abundance before it is lost and use it to help alleviate hunger and distress. Recovered food helps needy families through temporary hard times, supplementing food stamps for some; and for others providing necessary sustenance on an occasional basis.

Food Program Administration. Funding of \$112 million is requested to maintain stable program operation, pursue both program and financial integrity initiatives, and increase the emphasis on improved nutrition among participants in the domestic nutrition assistance programs. Although FNS is on schedule with Year 2000 changes to maintain and improve the efficiency of administration for America's nutrition programs, FNS' antiquated software and hardware must be replaced to ensure increased program and financial integrity of America's nutrition assistance programs. Funds are included to provide for development and implementation of improvements relating to both program and financial integrity weaknesses.

In further support of the Department's healthy meals initiative, and recognizing the proven link between good nutrition and good health (and lower health care costs), the budget

recognizes the role of nutrition education for all nutrition assistance programs with a request for \$2.5 million for the Center for Nutrition Policy and Promotion (CNPP). In addition to helping USDA coordinate the policies and regulations of its nutrition assistance programs with other Federal agencies, the CNPP will coordinate and increase the effectiveness of the funds spent within USDA on developing and promoting the message of good nutrition.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service Key Indicators

	1997 Actual	1998 Estimate	1999 Estimate
Average Participation, millions:			
Food Stamps	22.9	21.1	22.3 <u>a/</u>
Free School Lunch	13.0	13.4	13.6
School Lunch, Total	26.5	26.8	27.2
Free Breakfast	5.5	6.0	6.3
Total Breakfast	7.1	7.5	7.8
WIC	7.4	7.5	7.5
Commodity Supp. Food Program (CSFP):			
WIC-type	0.13	0.13	0.13
Elderly	0.24	0.27	0.27
Food Distribution Program on Indian			
Reservations (FDPIR)	0.12	0.13	0.13
Nutrition Program for the Elderly			
(NPE), annual meals	247.3	250.6	250.6
Unemployment Rate	5.1%	4.9%	5.1%
Average/person/month food benefit in \$:			
Food Stamps	\$71.34	\$73.80	\$76.41
WIC	31.68	32.17	32.92
CSFP: WIC-type (FNS Funded)	18.59	17.96	19.70
CSFP: Elderly (FNS Funded)	15.27	14.66	16.24
FDPIR (FNS Funded)	33.72	34.13	36.97
Per meal subsidies including commodities:			
Free School Lunch	\$1.99	\$2.05	\$2.09
Reduced Price School Lunch	1.59	1.65	1.70
Paid School Lunch	0.32	0.33	0.33
Free Breakfast	1.02	1.05	1.07
Paid Breakfast	0.20	0.20	0.20
NPE per meal subsidy (cents)	58.57	56.07	55.86

a/ Includes 730 thousand participants under proposed legislation to restore eligibility to legal immigrants.

NATURAL RESOURCES AND ENVIRONMENT

MISSION

The mission of the Natural Resources and Environment area is to promote the conservation, and sustainable use of natural resources on the Nation's State and private lands and to sustain production of all the goods and services that the public demands of the National Forests and Grasslands. Two agencies, the Natural Resources Conservation Service and the Forest Service, are primarily responsible for achieving this mission.

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Conservation Operations:			
America's Private Land Conservation . . .	\$529	\$542	\$579
New User Fees	0	0	10
Soil Surveys	76	76	78
Snow Surveys	6	6	6
Plant Materials Centers	9	9	8
Water Resources Assistance	116	61	71
Total, Conservation Operations	736	694	752
Watershed and Flood Prevention	227	51	49
Forestry Incentives Program	6	6	0
Resource Conservation and Development.	29	34	34
Programs Funded by CCC:			
Environmental Quality Incentives			
Program	196	200	300
Wildlife Habitat Incentives Program . .	0	30	20
Farmland Protection Program	2	18	0
Conservation Farm Option	0	15	25
Wetlands Reserve Program	99	219	124
Total, NRCS	\$1,295	\$1,267	\$1,304
Recap:			
NRCS Appropriations	\$998	\$785	\$825
Funded from CCC	297	482	469
New User Fees	0	0	10

NATURAL RESOURCES AND ENVIRONMENT

The NRCS directs its financial and technical assistance programs to land users through the USDA service centers and through local conservation districts, which are units of State government organized for the purpose of developing and carrying out local conservation programs. USDA has entered into a Memorandum of Understanding with each conservation district and these formal agreements provide a basis for the Department's working relationship with the district. With the successful implementation of the Department's streamlining plan, the proportion of NRCS staff at the district or field office level was increased in order to give more direct support to farmers. In so doing, NRCS has reduced headquarters staff by over 50 percent, reduced State office staff by almost one-third, and consolidated administrative functions.

Within the proposed level of 1999 funding for NRCS conservation programs of about \$1.3 billion, the Department will maintain its focus on supporting the locally-led conservation assistance initiative. Under this initiative, the conservation districts, farmers and ranchers and other private landowners and users work with NRCS to identify the most critical local natural resource needs and concerns. This information is then used to help target USDA and other federal and state environment and conservation programs in the most cost-effective manner possible. It has also played an important role in enabling the agency to meet its Government Performance and Results Act (GPRA) strategic planning objectives which include the development of an annual performance plan and specific multi-year performance goals.

The agency's annual performance goals rely on measures of actual conservation achieved on the land with direct technical and financial assistance from NRCS and its partners in the district offices. The two long-term goals that NRCS will focus on over the next several years will include 1) working directly with farmers and landowners to promote the conservation ethic and to encourage more effective stewardship of the natural resources on their property; and 2) enhancing the health and productivity of the nation's cropland in order to sustain food and fiber production and healthy watersheds and natural systems.

In order to meet these ambitious goals, NRCS will rely more heavily on many of the new conservation programs provided in the 1996 Farm Bill including the Environmental Quality Incentives Program (EQIP), the Conservation Reserve Program, the Wetlands Reserve Program, and the Wildlife Habitat Incentives Program. The 1999 budget will continue to devote significant resources to the acquisition of easements under the Wetlands Reserve Program in support of the Administration's goals for protecting and restoring wetlands. In addition, USDA will continue to place emphasis on working in partnership with the conservation districts and state conservation agencies to provide assistance to farmers, ranchers, and other landowners and users to conserve and protect the country's natural resources on private lands.

Under this budget, the Department will also support the Clean Water and Watershed Restoration Initiative primarily through partnership grants to districts and additional financial assistance provided through EQIP. In the watershed construction area, the Department will continue its efforts to direct funds to only those projects that meet

established environmental criteria and where local sponsor support is strong. The Department will also make available subsidized water resource development loans to help sponsors meet watershed project funding needs.

Conservation Operations. The 1999 budget proposes \$752 million for conservation operations which includes \$579 million for America's Private Land Conservation activities, formerly Conservation Technical Assistance. This will fund the agency's activities that support locally led, voluntary conservation through the unique partnership that has been developed over the years with each conservation district. In order to further strengthen this partnership and to achieve greater leverage from limited Federal resources, the request includes an increase of \$20 million for incentive payments to those States that are successful in increasing the level of non-Federal contributions to the conservation effort. Special consideration will be given to those States that expand their usage of geographic information systems and purchase additional digital orthophotography.

Beginning in 1999, NRCS will begin a process of charging fees, on a limited basis, for certain products and activities that up until now the agency has been providing free to private and public users. The budget projects that NRCS will collect a total of \$10 million in fees and will focus these collections on those financial or technical services that provide only a limited public benefit or on those that are already readily available through the private sector. The proposed user fee activities, including the appropriate fee structure and application, will be developed by NRCS in consultation with other Federal agencies and those groups or individuals that will be most directly impacted.

The 1999 budget for America's Private Land Conservation activities also includes an increase of \$23 million to support the Vice President's Clean Water Initiative. The goal of this initiative is to improve water quality where it is impaired by agricultural and forestry activities in selected watersheds that are now highly vulnerable and show significant signs of degradation. NRCS will direct \$20 million to Competitive Partnership Grants which will be used to strengthen the leadership of locally-based institutions such as conservation districts, watershed councils, RC&D councils, etc., primarily through the hiring of non-federal watershed coordinators. The remaining increase of \$3 million will be used for additional monitoring to help target resources and document baseline conditions and performance. Finally, the 1999 budget includes increases of \$7 million for additional watershed planning and \$1 million for educational assistance to make watershed sponsors more aware of the need to examine and possibly repair older watershed structures.

Many of the activities funded out of Conservation Operations will support implementation of the agency's GPRA performance goals. Some of the performance indicators that will be used to measure success in this area include the number of acres of cropland protected against excessive erosion, the number of miles of riparian areas protected, and the number of acres of cropland and grazing land on which conservation management systems are completed.

Watershed and Flood Prevention Operations (WFPO). The 1999 budget proposes a funding level of \$49 million for this activity which will be devoted almost entirely to project implementation costs. Technical support for this program, beginning in 1999, will come from the Conservation Operations account. The Department will continue to make significant changes in its watershed operations program in order to implement a new watershed approach that focuses project implementation funds on the most cost effective and environmentally beneficial projects and emphasizes nonstructural management systems. NRCS will also continue its effort to reduce the backlog of unfunded work by continuing to examine approved watershed plans in order to deactivate or revise those that have become infeasible or where local sponsor interest is no longer strong.

Resource Conservation and Development (RC&D). The purpose of the RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop, and carry out programs for resource conservation and development. NRCS also helps coordinate available Federal, State, and local programs. The 1999 budget will support the 290 RC&D areas now authorized as well as any new area authorizations that may be made in 1998.

Wildlife Habitat Incentives Program (WHIP). WHIP is a voluntary program that will provide cost-sharing for landowners to apply a wide array of wildlife practices to develop habitat that will support upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife. A total of \$50 million was authorized for the program which will be initiated in 1998 at a level of \$30 million. The 1999 budget reflects the use of the remaining \$20 million.

Environmental Quality Incentives Program (EQIP). EQIP combines into a single program the functions of four previous incentive-based programs: the Agricultural Conservation Program, the Great Plains Conservation Program, the Water Quality Incentives Program, and the Colorado River Basin Salinity Control Program. The purpose of the program is to provide flexible technical and financial assistance to landowners that face serious natural resource challenges that impact soil, water and related natural resources, including grazing lands, wetlands, and wildlife habitat management. In addition, it was designed to help producers make beneficial and cost-effective changes to cropping and grazing systems, and in manure, nutrient and pest management, that conserve and improve soil, water, and related natural resources. In 1999, EQIP funding will be increased by \$100 million under proposed legislation. The enhanced \$300 million program will be used to address the Clean Water and Watershed Restoration Initiative and to implement recommendations made in the USDA Civil Rights Action Team report.

Farmland Protection Program (FPP). The FPP program is designed to forge new and enhance existing partnerships between Federal, State and local Governments in sharing the costs of acquiring conservation easements. FPP provides technical, educational, and financial assistance to State and local programs that acquire conservation easements on eligible lands to address wetlands, wildlife habitat, soil, water and related natural resource concerns. The purpose of the program is to achieve solutions to local community issues

related to the non-agricultural use of farms, ranches and rural lands. In 1998, the funding levels authorized in the 1996 Farm Bill will be reached.

Conservation Farm Option (CFO). The CFO is a pilot program that gives producers an option of a 10-year contract as a single annual payment equivalent to the amount they would have received under CRP, WRP, and EQIP. The CFO is intended to address the conservation of soil, water and related resources, water quality, wetlands protection, wildlife habitat, and similar conservation purposes. The CFO provides a voluntary approach to implementing full farm conservation plans to include the use of multiple conservation practices. The 1999 budget will fund the program at the authorized level of \$25 million.

Wetlands Reserve Program (WRP). WRP is a voluntary program in which landowners are paid to retire cropland from agricultural production if those lands are restored to wetlands and protected, in most cases, with a long-term or permanent easement. Landowners receive fair market value for the land and are provided with cost-share assistance to cover the restoration expenses. The 1996 Farm Bill changed WRP to give producers the option of long-term or permanent easements, or restoration cost-share agreements under which landowners will agree to restore wetlands without payment for the land, receiving only cost-share assistance. For 1999, the budget proposes to enroll an additional 164,000 acres into the program which would bring total cumulative enrollment to more than 825,000 acres by the end of 1999. The Administration's goal for WRP remains one of enrolling a total of 975,000 acres which NRCS should reach by the end of calendar year 2000.

Conservation Reserve Program (CRP). The CRP is administered by the Farm Service Agency and is described on page 24.

NATURAL RESOURCES AND ENVIRONMENT

FOREST SERVICE (FS)

Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Discretionary Accounts:			
Management of the National Forest System:			
Land Mgmt. Planning/Inventory . .	\$130	\$128	\$119
Recreation Use	211	218	239
Wildlife/Fisheries Mgmt.	86	97	112
Rangeland Management	38	45	66
Timber Sales Management	196	209	199
Soil, Water/Air Mgmt.	42	51	64
Landowner Management	57	62	59
Infrastructure Management	104	109	137
General Administration	259	263	259
Other	195	166	164
Subtotal, NFS	1,318	1,348	1,418
Reconstruction and Construction	208	165	161
Wildland Fire Management:			
Presuppression	319	319	319
Suppression	211	265	235
Land Acquisition Accounts	42	54	57
Other Accounts	3	4	3
Total	2,101	2,155	2,193
Forest and Rangeland Research	180	188	198
State and Private Forestry:			
Forest Health/Fire Protection	66	74	77
Cooperative Forestry:			
Forest Stewardship	23	24	28
Stewardship Incentives	4	6	8
Urban/Community Forestry	26	27	30
Other	36	30	20
Total, Cooperative Forestry	89	87	86
Subtotal, S&PF	155	161	163
Total, Discretionary Accounts	2,436	2,506	2,554

NATURAL RESOURCES AND ENVIRONMENT

Program	1997 Actual	1998 Current Estimate	1999 Budget
Mandatory Accounts:			
Permanent Working Funds	246	260	239
Payments to States, National Forests	234	261	248 _{a/}
Payment Funds, Grasslands/Minn . .	5	6	7
Trust Funds	237	262	250
Total, Mandatory Accounts	722	789	744
Total, Ongoing Programs	3,158	3,295	3,298
One-time Transfer from			
Interior for Land Acquisition	0	167	0
Total, Program Level	3,158	3,462	3,298
Fire Emergency Accounts:			
Fire Suppression	300	0	0
Available Fire Supp. Conting. (Carryover)	0	(250)	0
Available Fire Supp. Conting. (Proposed)	0	0	(102)
Total, Emergency Accounts	300	(250)	(102)
Total, FS	\$3,458	\$3,462	\$3,298

_{a/} Displays current receipts estimates. Legislation will be proposed to de-link payments to States with receipts so as to stabilize amounts to be paid.

The Forest Service, with an employment ceiling of more than 36,000 staff years in 1998, is the largest employer in USDA. The 1999 ceiling is 35,526, which assumes a continuation of the streamlining efforts begun in 1993 to comply with the Federal Workforce Restructuring Act. The FS operates in three major program areas:

- **Management of the National Forests and Grasslands.** The Forest Service manages approximately 191 million acres of public land -- about 110 percent of the area of the State of Texas -- located in 44 States, Puerto Rico, and the Virgin Islands. These lands, known collectively as the National Forest System, are managed for multiple use on a sustained-yield basis using sound ecological principles to meet the needs of people today while maintaining or improving the productivity, health, resilience and vigor of forest resources for future generations. The National forests produce diverse benefits for the American people ranging from outdoor recreation, wildlife and fish and watershed protection, to timber, forage, and minerals.

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- **Forest and Rangeland Research.** The Forest Service maintains the world's largest forest research organization. While it has a very broad mission to develop the knowledge and technology needed to enhance the economic and environmental values of all the Nation's forests and related industries, it also must support the specific research needs that arise from the FS's prime responsibility of managing the National Forest System.
- **State and Private Forestry.** The Forest Service makes grants and provides technical assistance to State forestry agencies for protecting forest resources and improving forest management on nonindustrial private forest lands. Funding is provided for forest pest suppression on all Federal lands and cost-share assistance is made available for pest suppression on private lands. A cooperative fire protection program provides technical and limited financial support for State wildfire fighting organizations. The Forest Stewardship and Stewardship Incentives Programs provide technical and financial assistance to nonindustrial private landowners for a variety of stewardship practices including tree planting. In addition, there are several small programs which provide technical and financial assistance to natural resources dependent rural communities.

The GPRA strategic plan for the Forest Service sets out three broad goals. Most budget line items which fund specific programs such as wildlife or timber sales contribute to the achievement of more than one goal, and many contribute to all three. Thus, it is not possible to link the current Forest Service budget structure to the GPRA goals without the use of extensive crosscut tables. For the total 1999 Forest Service budget, funding proportions for the three GPRA objectives are: Ensure Sustainable Ecosystems - 43 percent, Provide Multiple Benefits for People Within the Capabilities of Ecosystems - 38 percent, and Ensure Organizational Effectiveness - 19 percent.

The 1998 appropriations for the Forest Service included a one-time increase in land acquisition funding of \$167 million, which includes \$65 million associated with the purchase of mineral interests in the New World Mine necessary to safeguard Yellowstone National Park. When continuing discretionary programs are compared, the 1999 budget of \$2.6 billion is \$48 million greater than the amount appropriated for 1998, a 2 percent increase. Within the totals, increases above that overall percentage are included for individual program initiatives.

NATURAL RESOURCES AND ENVIRONMENT

Forest Service Programs Related to Watershed Protection and Restoration (Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Watershed Improvements	\$20.0	\$25.6	\$38.2
Range Vegetation Management	15.5	17.8	37.8
Forestland Management	251.8	274.8	257.3
Wildlife and Fisheries Habitat	85.8	96.8	111.7
Road Maintenance	81.0	85.0	107.0
Hazardous Fuels Reduction	29.1	50.0	65.0
Forest Stewardship	23.4	23.9	27.3
Stewardship Incentives Program	4.5	6.5	8.5
Forest Legacy	2.0	4.0	6.0
Land Acquisition	42.0	54.0 a/	57.0
Total	<u>\$555.1</u>	<u>\$638.4</u>	<u>\$715.8</u>

a/ Does not include \$167 million made available in 1998 as a one-time increase.

Watershed Protection and Restoration. The above table displays a number of Forest Service programs which play an important role in protecting and restoring degraded watersheds. The aggregate funding proposed for these programs is \$77.4 million above the 1998 level, a 12 percent increase. These activities provide support for the President's Land, Water and Facility Restoration Initiative, Clean Water and Watershed Restoration Initiative, and all three USDA GPRA goals. In addition, the Forest Service is participating in these special emphasis activities:

- **Interdepartmental Mine Land Cleanup Initiative.** This is an effort to coordinate the work of public land managers and private land owners to efficiently and comprehensively address problems associated with abandoned mines in priority watersheds within States, rather than spot treating scattered individual sites on an *ad hoc* basis.
- **National Riparian Coordination.** This involves the Forest Service, the Natural Resources Conservation Service, and the Department of the Interior's Bureau of Land Management in a partnership to focus on key riparian, wetland, and estuary resources. The work includes assessment, research and technology development, technology transfer to public land managers and to private land owners and restoration monitoring.

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- Natural Resources Agenda. On October 7, Secretary Glickman directed the Chief of the Forest Service to develop a comprehensive natural resources agenda to guide the agency. One immediate priority is maintaining and restoring the health of the land, with the first emphasis area being watershed health and restoration and the second being sustainable forest management.

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Forest Service Road Related Programs (Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Road Maintenance	\$81.0	\$85.0	\$107.0
Road Construction and Reconstruction:			
Recreation and General Purpose	34.0	40.7	58.7
Timber Access	59.0	47.4	37.4
Purchaser Credit Roads	(50.0)	(50.0)	0.0
Total, Discretionary Programs	<u>\$174.0</u>	<u>\$173.1</u>	<u>\$203.1</u>
Permanent Appropriation for Timber Roads			
Constructed for Small Purchasers	5.9	4.2	2.1
Permanent Appropriation for Roads and Trails	<u>24.8 a/</u>	<u>25.3</u>	<u>28.2</u>
Total, Permanent Appropriations	<u>\$30.7</u>	<u>\$29.5</u>	<u>\$30.3</u>

a/ The 1997 level is carried over into 1998. Funds will be used for environmental road and trail work in high priority watersheds. Mileage estimates are not yet available and no mileage is included in the Performance Indicators below.

Performance Indicators:

Miles of New Road Constructed by FS . . .	8.0	11.1	7.5
Miles of New Road Constructed by Timber Purchasers	391.6	503.7	403.1
Miles of Existing Road Reconstructed by FS	384.6	291.7	583.9
Miles of Existing Road Reconstructed by Timber Purchasers	3,209.6	3,129.5	2,957.1
Miles of Existing Road Obliterated	1,786.9	1,500.0	3,500.0
Bridges Reconstructed by FS	33	12	26
Bridges Reconstructed by Timber Purchasers	11	68	55
Percent of Roads Maintained to Standard .	38	38	45

Roads. The table above displays Forest Service road related activities. They contribute to the achievement of all three Forest Service GPRA strategic plan goals. The unroaded areas in our National Forests have outstanding ecological, aesthetic, and social values. They are often the refuge of last resort for rare species and the source areas of municipal water supplies. The Forest Service is working to meet public access needs in an

NATURAL RESOURCES AND ENVIRONMENT

ecologically sensitive manner. At the same time, the extensive Forest Service road system is rapidly eroding, risking public safety and contributing to environmental damage in some National forests. The budget proposes \$203.1 million, a 17 percent increase over 1998 for investments in road maintenance, reconstruction and construction, road closures, and road obliteration. This will target areas that are critically important for a broad array of resource management goals. The layout and design of roads to be constructed by timber purchasers and the construction of new roads by the Forest Service will be accomplished in a manner that ensures that new roads are as environmentally benign as possible. The budget also proposes to eliminate the timber purchaser road credit program. The 1999 proposal continues the trend of recent years of increasing the proportion of the program devoted to recreation and general purpose roads while decreasing the proportion supporting timber access. In fact, direct Forest Service funding for oversight of timber road operations is proposed to be reduced by \$10 million in 1999.

Forest Service Recreation Related Programs (Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Recreation and Trails:			
Recreation Operations and Maint.	\$164.3	\$170.3	\$190.3
Wilderness Management	33.3	34.1	35.8
Heritage Resources	13.6	13.9	13.3
Facilities Construction	48.0	30.8	25.7
Trail Construction	22.0	27.3	13.2
Total, Recreation and Trails	281.2	276.4	278.3
Wildlife:			
Wildlife Habitat	28.3	31.3	35.5
Inland Fisheries Habitat	14.8	17.8	23.5
Total, Wildlife Related to Rec.	43.1	49.1	59.0
Land Acquisition <u>a/</u>	41.9	54.3	57.3
Total	<u>\$366.2</u>	<u>\$379.8</u>	<u>\$394.6</u>

a/ Land Acquisition is also included in the Watershed Protection and Restoration breakout.

Recreation Related Programs. The National Forests are the leading provider of total outdoor recreation use. The recreation programs contribute to the GPRA strategic plan goal of Providing Multiple Benefits for People Within the Capabilities of Ecosystems. The

public uses the National Forests for a broad array of outdoor recreational experiences, including camping, hiking, hunting, fishing, and skiing, mountain biking, snowmobiling, bird watching and participating in archaeological excavations. Funding in support of recreation includes the operation and maintenance of outdoor recreation facilities, wildlife and fish habitat work which supports game species as well as the wildlife resource generally, and land acquisition which gives a high priority to ensuring the protection of national recreation areas, designated wilderness, and wild and scenic river corridors. Legislation will be proposed to permanently authorize the expenditure of all recreation receipts to support maintaining the high quality recreation experience.

Payments to States. Under existing law, 25 percent of most Forest Service receipts are paid to the States for distribution to the counties in which the forests are located for financing roads and schools. About 800 counties across the Nation receive such payments. Historically, the largest source of receipts is from the sale of timber on the National Forests. Timber receipts have declined in recent years due to the need to manage forests on an ecosystem basis which takes into account the needs of a broad range of resources such as wildlife, water quality, and outdoor recreation. In addition, the program emphasis has shifted from timber production and sales as a strictly commodity activity to forestland management. A significant portion of the program now consists of the sale of dead and dying trees to achieve forest health objectives. Such material commands much lower prices than the large volumes of old-growth timber sold in the past.

In recognition that the payments generated by the forests affected by the northern spotted owl litigation had dropped precipitously, the President's Forest Plan included an economic package that supported legislation enacted as part of the 1993 Omnibus Budget Reconciliation Act, which established payments for those forests at an annually declining percentage of the 1986-1990 average payment. For 1997, the percentage was 76 percent and it would decline to 70 percent in 1999, under the current legislation. In recent years, payments to the States in other regions have declined significantly. In order to provide all county governments with a predictable and equitable level of payments for the national forests, the Administration will propose legislation later this year to stabilize the payments. The 1999 estimate of \$270 million is based on providing each county with the guarantee currently extended to the owl forests of 76 percent of the 1986-1990 average payment. For those counties where the 1997 payment was greater than that amount, the payment is frozen at the 1997 level. The program will continue to be funded by a permanent indefinite appropriation. This ensures that payments will not decline in future years.

Timber Program. The timber program contributes to the achievement of the Forest Service GPRA strategic plan goal of Providing Multiple Benefits for People Within the Capabilities of Ecosystems as well as the goal of Ensuring Sustainable Ecosystems. In 1997, the volume of national forest timber sold was 3.7 Billion Board Feet (BBF). The current estimate is that 3.4 BBF will be offered for sale in 1999 compared to an estimated 3.8 BBF for 1998.

Forest and Rangeland Research. The GPRA strategic plan objective of Ensuring Organizational Effectiveness commits the Forest Service to striving for better resource management decisions based on the best available scientific information and knowledge. For 1999, the Forest Research budget proposes \$198 million, a \$10 million and 5 percent increase over FY 1998. The increase includes \$3.0 million for the Climate Technology Initiative, \$6.0 million for improved environmental monitoring and research, and \$1.0 million for work on the Interior Columbia River Basin Ecosystem.

State and Private Forestry. State and Private Forestry programs contribute to all three GPRA strategic plan goals. Total funding is proposed at \$163 million for 1999. Protection of forest resources of all ownerships, including Federal lands, from damage due to pests is funded at \$53 million, the same as 1998. Assistance to State wildfire fighting agencies is funded at \$22 million. The Volunteer Fire Assistance program, formerly funded through the Rural Housing Service, is now funded directly to the Forest Service, with \$2 million provided for the program in 1999. The cooperative forestry programs provide grants and assistance to state forestry agencies for a variety of purposes ranging from assisting nonindustrial private landowners with stewardship planning to acquiring interests in woodlands threatened with conversion to other uses. These programs are proposed to decline by \$1.4 million from the 1998 level, a reduction of 2 percent.

Wildland Fire Management. This program funds both preparedness costs such as the pay and training of permanent fire crews and aircraft availability, as well as the cost of operations to suppress fires. These activities contribute to the achievement of the GPRA strategic plan goal of Ensuring Sustainable Ecosystems. The cost of fire suppression has varied dramatically since 1981, and has been inherently unpredictable.

The 1994 and 1996 fire seasons were two of the most severe and expensive firefighting seasons on record. \$678 million was spent on fire suppression in 1994, and \$513 million was spent in 1996. The 1997 fire season was the lowest in four years with a cost of \$148 million. The 10 year average (1987-1996) is \$337 million. However, this average has been exceeded four times in the last 10 years. Only three times in the last 10 years have the firefighting costs been below \$200 million. Firefighting has become more expensive because of the growth of urban areas into what were previously wildlands. This has meant that fire must be fought vigorously to protect human life and property rather than making decisions based solely on natural resource values. In addition, drought, insect infestations and continual suppression in some areas have caused a significant buildup of fuels.

The 1999 budget provides the 10-year average of \$337 million for fire suppression which includes funding for fuels management. Included in this total is \$102 million in contingency funds. In addition, \$250 million of 1997 emergency firefighting funds remain in contingency. For preparedness activities, the Wildland Fire Management request includes \$319 million.

FOOD SAFETY

MISSION

The Food Safety mission area oversees the Food Safety and Inspection Service, which ensures that the Nation's meat, poultry, and processed egg product supply is safe, wholesome, and properly labeled.

FOOD SAFETY AND INSPECTION SERVICE (FSIS)

Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Federal Food Inspection	\$478	\$493	\$515
Import/Export Inspection	11	11	12
Laboratory Services	35	35	37
Field Automation & Information Mgmt .	9	9	9
Grants to States	41	41	42
Special Assistance to State Programs	0	0	8
Existing User Fees and Trust Funds . .	85	86	86
Total, FSIS Program Level	659	675	709
Existing User Fees and Trust Funds . .	-85	-86	-86
New User Fees	0	0	-573
Start-up Costs	0	0	100
Total, FSIS Appropriations	<u>\$574</u>	<u>\$589</u>	<u>\$150</u>

FSIS provides in-plant inspection to all domestic establishments preparing meat, poultry, and processed egg products for sale or distribution into commerce, and also reviews foreign inspection systems and plants exporting these products to the United States. FSIS provides technical and cost-sharing assistance to States that maintain inspection programs equal to the Federal inspection program. To accomplish these functions, FSIS employees are stationed in approximately 6,000 establishments, including approximately 150 import stations. District field offices, the Technical Services Center and FSIS laboratories provide administrative, technical, and analytical assistance to in-plant personnel. Headquarters personnel are responsible for overseeing administration of the program and ensuring that the latest scientific and technological developments are incorporated into inspection procedures. FSIS coordinates the development of its policies with other USDA agencies, the Food and Drug Administration, the Environmental Protection Agency, the Centers for Disease Control and Prevention, as well as international organizations, to ensure an integrated farm-to-table approach to food safety.

FOOD SAFETY

On July 25, 1996, FSIS published the final rule on Pathogen Reduction and Hazard Analysis and Critical Control Points (HACCP) systems that is expected to reduce foodborne illness by 25 percent by the year 2000. The first components of the rule were implemented on January 27, 1997. Since this date all meat and poultry establishments have been required to maintain written Standard Operating Procedures for Sanitation to reduce the likelihood that harmful bacteria will contaminate finished product. In addition, slaughter plants also have been required to test for generic *E. coli*. On January 26, 1998, approximately 300 of the largest meat and poultry slaughter and processing establishments, producing 92 percent of all Federally inspected product, implemented HACCP programs designed to target and reduce harmful bacteria on their products. Small establishments will have until January 1999 to implement HACCP programs and the very smallest establishments will have until January 2000.

For 1999, the budget proposes a program level of \$709 million, a net increase of \$34 million over the 1998 current estimate. In 1999, FSIS will continue the process of transforming the inspection process without an increase in staffing levels. The budget includes increases for pay costs and decreases due to streamlining. In fiscal year 1999, the budget includes programmatic increases to build on the investments begun with the implementation of the Pathogen Reduction and HACCP systems rule and the President's Interagency Food Safety Initiative. Continued investment in food safety activities will enhance public health by minimizing foodborne illness from meat, poultry, and egg products. Approximately \$3 million is requested to address food safety risks from farm-to-table, including the following:

- Development of voluntary measures that producers can utilize to reduce pathogenic contamination on the farm;
- HACCP training for egg processing inspectors;
- Tools that will improve an inspector's ability to evaluate product;
- Redeployment of inspectors to strengthen compliance efforts; and,
- Development and evaluation of consumer education messages.

The 1999 budget also includes \$8 million for special assistance to State programs to facilitate their transformation to HACCP. Federal funding would be made available for up to 75 percent of the costs for automation and laboratory testing equipment necessary to operate in a HACCP environment and for the development and delivery of HACCP training to State inspectors. The 1999 budget also reflects the transfer of the Florida State inspection program to the Federal government.

New User Fees. The 1999 budget request proposes legislation to recover the full cost of providing Federal meat, poultry, and egg products inspection. Requiring the payment of user fees for Federal inspection services would not only result in savings to the taxpayer, but would also ensure that sufficient resources are available to provide the

mandatory inspection services needed to meet increasing industry demand. The overall impact on prices as a result of these fees has been estimated to be less than one cent per pound of meat, poultry, and egg products production. The implementation of the user fee authority would be designed to be fair and equitable, promote accountability and efficiency, and minimize the impact on the competitive balance among affected industries. Appropriated funds are requested to convert the Federal program to user fees and for maintaining State inspection programs.

Federal Food Inspection. FSIS inspects all carcasses in slaughter plants for disease and other abnormalities, and samples for the presence of chemical residues. Other responsibilities ensure that establishments develop and implement sanitation standard operating procedures, and humane methods of slaughter. Meat and poultry processing operations are inspected by FSIS on a daily basis. Typical processing operations include cutting, boning, curing, and canning. Inspector activities include review of plant operations for sanitation and cleanliness, labeling, and packing functions. FSIS provides mandatory continuous in-plant inspection to egg product processing plants. The inspector checks the acceptability of eggs, the sanitation of plant and equipment, and determines if the egg products have been properly processed. FSIS reviews inspection systems in countries exporting meat, poultry and egg products to the U.S. and inspects imported products at ports-of-entry.

Laboratory Services. FSIS operates three laboratories and has agreements with two other private laboratories to perform the scientific testing in support of inspection operations. Samples sent to the laboratories are analyzed for food chemistry and to identify the presence of pathogens, residues, additives, disease, and foreign matter.

Field Automation and Information Management (FAIM). FAIM provides improved telecommunications capability among the widely dispersed field inspection workforce.

Grants to States. FSIS has authority to approve State meat and poultry inspection programs for products travelling in intrastate commerce. FSIS reviews State inspection programs to assure that standards, at least equal to Federal standards, are applied to meat and poultry plants under State jurisdiction. For State inspection programs, USDA contributes, through the Grants to States Program, up to 50 percent of each State's costs. Currently, 25 States participate in the program.

Existing User Fees and Trust Funds. Currently, user fees are collected to recover the cost of inspection provided beyond regularly scheduled operations and on holidays. Establishments requesting voluntary inspection services, which are not mandated by law are also charged a user fee to recover the full cost of the inspection.

RESEARCH, EDUCATION, AND ECONOMICS

MISSION

The Research, Education and Economics (REE) mission area is assigned Federal leadership responsibility for the discovery and dissemination of knowledge spanning the biological, physical, and social sciences related to agricultural research, economic analysis, statistics, extension, and higher education. REE responsibilities are carried out by four agencies:

- The Agricultural Research Service (ARS) is the principal in-house physical and biological science research agency in USDA.
- The Cooperative State Research, Education, and Extension Service (CSREES) is the Federal partner in the USDA-supported system of extramural scientific research, higher education, and extension in the United States.
- The Economic Research Service (ERS) is the principal intramural social science research agency in USDA.
- The National Agricultural Statistics Service (NASS) provides the official current statistics on agricultural production and indicators of the economic and environmental welfare of the farm sector. In 1996, NASS assumed responsibility for conducting the Census of Agriculture, previously conducted by the Bureau of the Census of the Department of Commerce.

The REE mission is accomplished through programs and initiatives proposed in the 1999 budget that create and disseminate knowledge and provide education to achieve the five Government Performance and Results Act (GPRA) goals of the REE mission area. The desired outcomes are:

- an agricultural production system that is highly competitive in the global economy;
- a safe and secure food and fiber system;
- a healthy, well-nourished population;
- an agricultural system which protects natural resources and the environment; and
- enhanced economic opportunity and quality of life for Americans.

Funding for ARS, ERS and the research and education activities of CSREES is included within the Research Fund for America in the President's Budget.

RESEARCH, EDUCATION, AND ECONOMICS

AGRICULTURAL RESEARCH SERVICE (ARS)

Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Research and Information:			
Soil and Water Conservation	\$89	\$86	\$86
Plant Science	244	256	265
Animal Science	115	119	127
Commodity Conversion and Delivery	142	147	151
Human Nutrition	61	71	82
Integration of Agricultural Systems . .	27	28	27
Information and Library Services . . .	20	18	20
Repair and Maintenance	18	18	18
Contingency Research Fund	1	1	1
Total, Research and Information .	717	745	777
Trust Funds	14	15	15
Buildings and Facilities	69	79	36
Total, ARS	<u>\$800</u>	<u>\$839</u>	<u>\$828</u>

ARS provides access to agricultural information and develops new knowledge and technology needed to solve technical agricultural problems of broad scope and high national priority. ARS is responsible for the National Agricultural Library (NAL), the Nation's major information resource in the food, agricultural and natural resources sciences. ARS has 103 locations throughout the U.S. and abroad. Beltsville, Maryland is the site of the world's largest multi-disciplinary agricultural research facility.

The 1999 budget includes a \$32 million net increase for ARS research programs. Within the total, the agency will be redirecting \$35 million from a number of ongoing research projects to fund higher priority work.

Soil and Water Conservation. Development of a sound scientific basis to provide advanced technical assistance and education to producers to manage and conserve soil and water resources is the primary focus of this research area. Federal research in ARS supports high priority programs in climate change, soil and water quality, and economically and environmentally sustainable production systems. Increased funding will also support the President's Environmental Initiative. The budget includes \$2 million for

research on management practices to minimize loss of nutrients and pathogens to the environment and reduce the risk of adverse impacts from excessive nutrient levels in water, a suspected cause of the *Pfiesteria* outbreaks in the Chesapeake Bay tributaries. An additional \$3 million is proposed in support of the President's Climate Change Technology Initiative to develop strategies and technologies to mitigate greenhouse emissions resulting from agricultural practices. ARS is also seeking \$750,000 to fund high priority research in support of the President's South Florida Ecosystem Restoration Initiative.

Plant Science. Ongoing ARS research addresses a wide range of crop production issues, including pest and disease resistance, maintenance and improvement of plant germplasm and understanding basic plant development and function. A \$2 million increase is proposed to undertake additional Integrated Pest Management (IPM) and biocontrol research. ARS will continue to collaborate with CSREES and other public and private entities to demonstrate, through pilot tests and the development of decision support systems, the economic and environmental benefits of species-specific pest management technologies. ARS houses the Department's newly established Office of Pest Management Policy, which was created on September 8, 1997 to serve as the USDA office for coordination of pesticide regulatory issues, including strengthening the existing network of grower organizations and crop specialists at land grant institutions. An increase of \$1.5 million is included in the budget for these activities. Also included in the budget is \$2 million for extramural research on alternatives to methyl bromide. Research would be funded based on a priority-setting awards process which encourages grower input.

An increase of \$3 million is targeted for work to support the Food Genome Initiative, focused on agriculturally-important crops and livestock, and their associated microbes. This work will contribute to increased food production, a cleaner environment, and more renewable energy resources. It will also ensure the availability of genetically diverse collections of plant, animal and microbial germplasm. All activities will be coordinated with CSREES, the National Science Foundation, and the Department of Energy.

As part of the National Science and Technology Council (NSTC) interagency Emerging Infectious Diseases Initiative, the budget includes an increase of \$2.3 million to develop methods to reduce the risk to U.S. crop production from infection by exotic foreign and new domestic plant diseases. Research funding will be primarily devoted to wheat scab, potato blight, and sorghum ergot.

Animal Science. Research in this program is directed toward solving major issues faced by producers and consumers of meat and poultry products. Areas of ARS emphasis include disease prevention, genetics and genome mapping, reproduction, and production-related nutrition and food quality and safety concerns. An increase of \$8 million will be used to develop new technologies for detection and control of pathogens at the producer level. This will support the President's Interagency Food Safety Initiative to ensure a safe and wholesome meat and poultry supply. Research will include the development of detection methods, knowledge of how pathogens are transmitted to

animals, and identification of production practices which contribute to the incidence of contaminated food products. ARS animal science research will be coordinated with post-harvest research described below and with funding being proposed in the CSREES, FSIS, ERS, OCE, and FNS budgets as part of the President's Interagency Food Safety Initiative.

A \$3.7 million program to support research on emerging exotic diseases of livestock is proposed in the 1999 budget as part of the NSTC Emerging Infectious Diseases Initiative. Research will address the need to control the spread of non-native animal diseases through the development of diagnostic methods and the determination of the transmission mode in live animals. Research will address the need to increase resistance of host animals and the prevention of zoonotic diseases, which threaten the health of livestock and humans. An additional increase of \$2 million will be used to support integrated livestock production systems research to reduce odors attributed to these activities and to improve the efficiency of animal production.

Commodity Conversion and Delivery. This research within ARS focuses on post-harvest food safety and quality concerns, development of new food and industrial uses for agricultural commodities and elimination of barriers to the export of commodities. An increase of \$6 million as a component of the President's Interagency Food Safety Initiative is proposed in 1999 to allow scientists to explore post-harvest means to control pathogens. Projects proposed during 1999 include research to develop new handling systems and pathogen decontamination procedures for fresh fruits and vegetables; development of methods to assure safety of noncooked products and assay methods to verify product safety; development of product safety sensors for industry and consumers; and the development of chemical and physical agents needed to control food-borne pathogens.

An increase of \$4 million is proposed for biomass research under the Climate Change Technology Initiative. Research will seek to improve the production efficiency and utilization of biomass feedstocks, the use of herbaceous and woody crops to generate electricity, and increase the competitiveness of ethanol fuel.

Human Nutrition. ARS supports six research centers dedicated to developing a better understanding of nutrition needs of diverse populations, including children, the elderly, pregnant and lactating women, and healthy adults. Results of this work identify the impact of food components in reducing chronic disease risk and define health outcomes. ARS research activities in this area are closely coordinated with nutrition programs in USDA and medical research programs in the Department of Health and Human Services. The Food Quality Protection Act of 1996 (FQPA) requires the Secretary of Agriculture to provide the Environmental Protection Agency information on food consumption patterns of a statistically valid sample of infants and children. The data will be used by the EPA in conducting pesticide tolerance assessments that meet FQPA regulatory standards. Funds provided in 1997 and 1998 will support additional sampling under the Continuing Survey of Food Intake by Individuals (CSFII) to gather statistically valid food intake data on infants and children. An increase of \$1.5 million is requested in 1999 to expand the

CSFII to increase the sample size to include population groups that will require special attention as pesticide registration decisions are made under new guidelines established under the FQPA. An additional \$9 million is requested to update the National Nutrient Databank; study the relationship of diet to immunity from disease and infection; and research the changing nutrient requirements throughout the life cycle.

Integration of Agricultural Systems. Research in this category includes projects to integrate the results of specific programs into production systems which are sustainable, environmentally-benign and profitable for farmers and ranchers. Projects include the development of models and decision support systems for education and technical assistance programs designed to assist producers in making production decisions and managing natural resources.

Information and Library Services. As part of ARS, NAL will continue to provide access to agricultural information through its online database and CD-Roms. NAL is striving to provide agricultural information electronically and has initiated efforts to catalog, manage, and disseminate agricultural related data through the Internet. This will increase USDA employee, researcher, and the general public's access to many of the library's resources.

Buildings and Facilities. Innovative research depends upon the availability of modern facilities. Many of the major ARS facilities were constructed prior to 1960, are functionally obsolete and need major modernization to bring them up to current health and safety code requirements. A total of \$35.9 million is proposed in 1999 at eight locations:

- Ft. Lauderdale, Florida (\$4 million). Construction of a quarantine facility for the study of biological agents to control the spread of *Melaleuca* in South Florida. This research facility directly supports the Administration's initiative to restore the South Florida Everglades Ecosystem.
- Manhattan, Kansas (\$1.4 million). Balance of funding needed for the first two phases of a four-phase modernization of the Grain Marketing and Production Research Center.
- Peoria, Illinois (\$8.4 million). Completion of the first phase of construction -- a bioprocessing pilot plant -- of the planned renovation of the North Wing of the National Center for Agricultural Utilization Research.
- Ames, Iowa (\$5.6 million). Modernization of the National Animal Disease Center.
- Beltsville, Maryland (\$3.7 million). Continued funding for modernization of the agricultural research center and NAL, consistent with facility plans.
- Plum Island, New York (\$3.5 million). Continued modernization of the foreign animal disease facility, including an upgrade of a pathological incinerator and environmental remediation.

RESEARCH, EDUCATION, AND ECONOMICS

- Philadelphia, Pennsylvania (\$3.3 million). Modernization of the chemical wing laboratory, phase five of a nine-phase plan to modernize this regional research facility.
- New Orleans, Louisiana (\$6 million). Continued modernization of the regional research facility, phase one construction in the modernization of the Industrial Wing.

RESEARCH, EDUCATION, AND ECONOMICS

COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)

Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Research and Education	\$421	\$430	\$422
Extension Activities	426	424	419
Integrated Res., Educ. & Ext. Program (Small Farms Initiative)	0	0	4
Native American Endowment Fund ...	5	5	5
Subtotal, Programs	852	859	850
FNS Community Food Projects	3	3	3
Fund for Rural America	2	34	0
Buildings and Facilities	62	0	0
Total, CSREES	<u>\$919</u>	<u>\$896</u>	<u>\$853</u>

CSREES provides funding for agricultural research, education, and extension conducted in partnership with the State Agricultural Experiment Stations, State Cooperative Extension Systems, and other institutions. Federal funds are distributed to university and other partners by statutory formula, competitive awards, and other means. CSREES serves as a leader and coordinator of the various planning and oversight processes through which priorities are set and programs are administered. CSREES is also responsible for administering the competitive grant program for research, education and extension projects funded under the Fund for Rural America. These grants provided under the Fund target applied, adaptive, and developmental research, technology transfer and outreach activities to address high priority research needs.

The total budget recommended for cooperative research and education programs is \$853 million. Within this total there are proposals for additional funding for competitively awarded research, pest management, food safety, and several programs to strengthen minority-serving institutions of higher education. Offsetting reductions are proposed for selected formula programs and special grants.

RESEARCH, EDUCATION, AND ECONOMICS

Cooperative State Research, Education, and Extension Service Program Level (Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Formula Grants:			
Smith-Lever 3(b&c) Formula	\$268	\$268	\$258
Hatch Act	169	169	154
1890 Research and Extension	53	53	53
Cooperative Forestry	20	20	20
Low Income Nutrition Educ. (EFNEP)	59	59	56
Other Formula Funding	8	8	8
Total, Formula Grants	577	577	548
National Research Initiative (NRI)	94	97	130
Food Genome Initiative	0	0	10
Pest Research and Extension Programs:			
Improved Pest Control Research	10	14	23
Pesticide Applicator Training	0	0	2
Pest Management	11	11	15
Pesticide Impact Assessment	5	5	5
Total, Pest Res. and Ext.	26	30	45
Sustainable Agriculture Res. and Ext.	11	11	13
Food Safety Research and Extension	2	4	12
Higher Education Programs	19	19	19
Programs Supporting Civil Rights Initiative:			
Indian Reservation Extension Agents	2	2	5
1890 Facilities	8	8	12
Extension Services at 1994 Institutions	2	2	4
Hispanic Serving Insts. Education Grants	2	3	3
Small Farms Initiative	0	0	4
Total, Programs in CR Initiative	14	15	28
Native American Inst. Endow. Fund	5	5	5
FNS Community Food Projects	3	3	3
Fund for Rural America	2	34	0
Other Research Grants	55	54	11
Other Extension Programs	28	26	20
Federal Administration	22	22	9
Buildings and Facilities	62	0	0
Total, CSREES.	\$919	\$896	\$853
RECAP:			
CSREES Appropriations	\$914	\$859	\$850
Appropriations from FNS	3	3	3
Fund for Rural America	2	34	0
Total, CSREES.	\$919	\$896	\$853

Formula Programs. Formula distributions to the State Agricultural Experiment Stations (SAES), 1890 Land-Grant Institutions and Tuskegee University (1890's) and other research institutions provide funds to conduct broad programs of agricultural and forestry research. On a nationwide basis, Hatch Act formula funds represent about 8 percent of the research funding at SAES, while formula funds provide nearly all of the research funding at the 1890's. In 1999, the Hatch and Cooperative Forestry formulas are slated for a 9 and 3 percent reduction, respectively. The Smith-Lever 3(b&c) formula and the Expanded Food and Nutrition Education Program would be reduced by 4 percent. States may choose to increase spending to offset these reductions in Federal funds. Current law gives states broad authority to determine research and extension program priorities. The budget includes proposed legislation, which will provide additional authority for states to use up to 10 percent of Hatch and Smith-Lever 3(b&c) formula funding interchangeably for research or extension activities.

National Research Initiative. A wide range of environmental, health, and nutrition concerns have added complexity to production management decisions faced by agricultural producers. At a national level, there is interest in assuring the safety of the food supply, providing systems for sustainable food and fiber production, improving nutritional status, enhancing international competitiveness and improving economic opportunities for rural residents. The 1999 research budget proposes an increase of \$33 million for the National Research Initiative (NRI) to attract the Nation's top scientists to address these issues. The NRI supports both fundamental and mission-linked research through a competitive, peer-reviewed process that is open to all of the Nation's scientists. In 1999, \$16 million of the total NRI funding is proposed to be used to support the new Food Genome Initiative aimed at enhancing agricultural production of selected varieties. This is in addition to \$10 million for a new CSREES program for the Food Genome Initiative included in proposed legislation. A total of \$3 million of increased funding for the NRI will support the President's Interagency Food Safety Initiative.

Food Genome Initiative. The initiative is part of the Food Genome Strategy aiming to fill gaps in existing knowledge necessary for developing technologies for attaining a sustainable and globally competitive agriculture. Coordinated with the National Science Foundation, the National Institutes of Health and the Department of Energy, the Initiative proposes to identify and develop a functional understanding of genes responsible for economically important traits in plant, animals, and microbes that are important for agricultural production and crop biodiversity.

Pest Research and Extension Programs. In 1999, a total of \$45 million is proposed for research and extension grants in support of the Department's multi-year Integrated Pest Management (IPM) Initiative and to address the Department's responsibilities under the Food Quality Protection Act. Funding is requested to support the following activities:

Improved Pest Control Research:

- **Integrated Pest Management and Biological Control Research.** This grant provides funding for research to develop alternative pest management tactics for pest problems identified by farmers, researchers, and other members of IPM State and regional implementation teams. Research projects that emphasize biological control, cultural control, and the study of the movement and dispersal of pests and beneficial organisms, are given funding priority. Such practices implemented on an area-wide basis have been proven effective in controlling a number of pests, including boll weevil, codling moth, and silverleaf whitefly.
- **Minor Crop Pest Management (IR-4).** Total funding of \$10.7 million is proposed to assure that data are available to meet EPA's new regulatory health standards for minor-use pesticides. This grant will support research necessary to obtain initial EPA registration of safer pesticides for minor crops, including most fruits and vegetables and ornamental nursery crops. Emphasis will also be placed on biocontrol registrations.
- **Pest Management Alternatives Program.** Competitive research grants will be awarded to develop replacement technologies for pesticides currently under consideration by EPA as a result of the new FQPA safety standards. USDA and EPA will work together to set priorities for alternative pesticides to replace those that may be lost through regulatory action or that have become ineffective due to natural resistance.

Pesticide Applicator Training. The budget provides \$1.5 million for training in IPM practices to growers, commercial applicators, and homeowners in using pesticides properly. The EPA is requesting a similar amount.

Extension Pest Management. Increased funding of \$4 million is proposed to encourage farmers and handlers of agricultural products to adopt integrated pest management techniques. Technology transfer projects are conducted at regional, State and local levels and coordinated with research in support of the Administration's goal of extending the use of IPM practices to 75 percent of the U.S. crop acres by the year 2000.

National Agricultural Pesticide Impact Assessment Program (NAPIAP). Funding supports university scientists serving on assessment teams to determine the economic benefits and consequences of various pest control alternatives for use in EPA re-registration activities.

Sustainable Agriculture. Environmental and profitability concerns have led many producers to examine alternative management systems which require fewer off-farm inputs. Research and extension grants support the development and improvement of sustainable management practices for adoption in a wide variety of climate, soil, and crop settings. In 1999, additional emphasis will be placed on environmentally friendly alternatives to conventional farming practices on small and medium-sized farms.

Food Safety. An \$8 million increase is proposed as part of the President's Food Safety Initiative for research and extension grants to study and provide information on the food handling and storage practices of vulnerable population groups, such as the elderly, and develop methods to prevent or eliminate food contamination. Additional educational programs will be developed to address ongoing critical issues faced by consumers. Key programs will include quality assurance, compliance education, and State certification for food handlers. An additional \$3 million is included in the increased funding under the NRI.

Higher Education. Funding for higher education activities is proposed to support the Institution Challenge Grants Program and the Graduate Fellowship Grants Program at the 1998 appropriated level. Funds are provided to continue ongoing programs which support graduate and undergraduate education and which improve instructional capabilities in the food and agricultural sciences. Funding is held constant for the 1890 Capacity Building Grants Program which supports partnerships between the 1890's and USDA agencies to improve the research and instruction programs at these schools. Continued funding is also proposed for Native American Institutions.

Civil Rights Initiative. An increase of \$13 million is proposed for CSREES programs that address recommendations of the CRAT report.

- **Extension Indian Reservation Program (EIRP).** An increase of over \$3 million is requested to support additional extension agents in the States. EIRP grants are awarded on a competitive basis to enhance collaboration between the Tribal Councils and the State Cooperative Extension System.
- **1890 Facilities Projects.** An increase of about \$4.5 million above the 1998 appropriated level is provided for the renovation of existing buildings and construction of new facilities to enable the 1890 institutions to fully benefit from the partnership between the Department and Historically Black Colleges and Universities (HBCUs).
- **Extension Services at 1994 Institutions.** An increase of \$1.5 million is proposed to expand the extension capacity at 29 Native American Institutions, targeting education programs in agriculture, forestry, nutrition, and health economic development.
- **Hispanic Serving Institution Education Grants.** Continued funding of \$2.5 million is proposed to enhance the capacity to deliver science-based education in food and agricultural related disciplines.
- **Small Farms Initiative.** Included is \$4 million to initiate an integrated small farm research and education program to address the resource constraints experienced by small farm producers and those of diverse ethnic and racial origin. The new program is designed to help these producers to operate their farms more efficiently and in an environmentally sound manner.

RESEARCH, EDUCATION, AND ECONOMICS

ECONOMIC RESEARCH SERVICE (ERS)

Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Economic Analysis and Research . . .	\$53	\$72	\$56
Trust Funds	<u>a/</u>	<u>a/</u>	<u>a/</u>
Total, ERS	<u>\$53</u>	<u>\$72</u>	<u>\$56</u>

a/ Less than \$0.5 million.

ERS provides economic analysis on efficiency, efficacy, and equity issues related to agriculture, food, natural resources, and rural development to improve public and private decision making. Activities to support this mission include research and development of economic and statistical indicators on a broad range of topics. Funding for ERS is proposed as part of the Research Fund for America which emphasizes the Administration's commitment to provide funding for investments in the Nation's key research programs.

Increased funding is included to support economic research and analysis on three high priority issues:

- **Food Safety (\$906,000).** This initiative would result in more accurate assessments of the costs of foodborne illness and support more informed decisions about policies related to food safety. ERS would utilize the Sentinel Site Survey Data, and work with the Centers for Disease Control and Prevention to more accurately assess the costs of foodborne illness and the economic consequences of efforts to improve food safety. ERS would also collaborate on the development of risk assessment models to identify where pathogens enter the food chain and where control efforts would be most cost-effective.
- **Information for Small Farmers (\$350,000).** Funding is included for an assessment of the Department's role in meeting the information needs of small farmers. ERS will assess how information needs vary by the type of operation, how well USDA and private information services meet the needs of small farmers, and what reforms and modifications in the Department's current market information programs are needed in order to better serve small farmers.

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- **Electric Utility Deregulation (\$200,000).** This increase would support research on electric utility deregulation in order to assess the potential impacts of deregulation on the Department's rural utility loan programs, the competitiveness of rural businesses and communities, and rural households.

In addition, the budget reflects the Administration's proposal to fund food program studies, which were included in the ERS appropriation in 1998, in the Food and Nutrition Service.

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Agricultural Estimates	\$79	\$79	\$80
Statistical Research and Service	4	3	3
Census of Agriculture	17	36	24
Trust Funds	<u>a/</u>	<u>a/</u>	<u>a/</u>
Total, NASS	<u>\$100</u>	<u>\$118</u>	<u>\$107</u>

a/ Less than \$0.5 million.

NASS statistics provide the basic information necessary to keep agricultural markets stable and efficient and help maintain a "level playing field" for all users of agricultural statistics. The mission of NASS is to meet the basic agricultural and rural data needs of the people of the United States, those working in agriculture, and those living in rural communities by providing important, objective, usable, and accurate statistical information and services for informed decision making. With the 1999 proposed budget for NASS, 98 percent of total national agricultural production will be included in the NASS annual estimates program. This is an increase of 5 percent above 1998.

For the NASS Agricultural Estimates program, an increase is proposed to expand the current pesticide use surveys to include the fast growing nursery and greenhouse industries. In addition to providing pesticide use data for an important sector of agriculture, this initiative supports the CRAT recommendation to address the needs of farmworkers.

Overall, the budget reflects a net decrease of \$11 million largely due to the cyclical funding needs of the Census. Within this amount, increases are proposed for two special studies which follow the 1997 Census of Agriculture:

- **The Agriculture Economics Land Ownership Survey (AELOS) (\$100,000)** has historically been conducted every ten years following the Census of Agriculture since the 1950's. This survey provides the only comprehensive source of data on agricultural land ownership, financing and inputs by farm operators and landlords for each State. Funding in 1999 would enable NASS to meet with major users of

AELOS data to receive input into the scope and content of the program, to determine the final AELOS questionnaire, and conduct limited field content tests.

- **A National census of the fast growing aquaculture industry (\$500,000)** for which very little data is currently available. This census of all farms participating in the 1997 Census of Agriculture that produced and sold \$1,000 or more of aquaculture or aquaculture products would provide, for the first time, National and State level detailed data about aquaculture production.

MARKETING AND REGULATORY PROGRAMS

MISSION

The mission of Marketing and Regulatory Programs is to facilitate the domestic and international marketing of U.S. agricultural products and to ensure the health and care of animals and plants while improving market competitiveness and the economy for the overall benefit of both consumers and American agriculture.

The Marketing and Regulatory Programs are administered by three agencies: the Agricultural Marketing Service; the Animal and Plant Health Inspection Service; and the Grain Inspection, Packers and Stockyards Administration.

MARKETING AND REGULATORY PROGRAMS

AGRICULTURAL MARKETING SERVICE (AMS)

Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Marketing Services:			
Market News	\$22	\$23	\$24
Shell Egg Surveillance and Standards Development	6	6	6
Market Protection and Promotion:			
Pesticide Data Program	a/	8	18
Organic Certification	b/	b/	1
Other	4	5	4
Wholesale Market Development	2	2	2
Transportation Services	3	3	3
Total, Marketing Services	37	47	58
Payments to States	1	1	1
Section 32 Funds:			
Marketing Agreements and Orders (MA&O)	10	11	11
Commodity Purchase Services	6	6	6
Total, Section 32 Funds	16	17	17
User Fees:			
Perishable Agricultural Commodities Act	9	9	7
Commodity Grading Services	155	165	166
Total, User Fee Funded Programs	164	174	173
Total, AMS Program Level	218	238	249
User Fees	-164	-174	-173
Section 32 Funds	-16	-17	-17
Total, AMS Appropriations	\$38	\$48	\$59

a/ Program administered by the Environmental Protection Agency in 1997 at a program level of \$10.6 million.

b/ Less than \$0.5 million.

MARKETING AND REGULATORY PROGRAMS

AMS facilitates the marketing of agricultural products in domestic and international markets, while ensuring fair trading practices. AMS programs promote a competitive and efficient marketplace, which benefits consumers and producers. A majority of AMS programs are voluntary and funded by the users of the program. AMS has cooperative agreements with the States to administer in whole or in part several AMS programs. Under these agreements, State employees carry out the program. AMS is organized along commodity lines that reflect major segments of the agricultural industry. Headquarters staff are responsible for overseeing the administration of programs. AMS field employees are located in processing plants, at shipping points, produce terminals, auction houses, and warehouses. Field offices, established for supervision and administrative purposes, are located in key production areas.

For 1999, the AMS budget proposes a program level of \$249 million of which \$173 million (70 percent) will be funded by user fees and \$76 million (30 percent) by appropriations and section 32 funds.

Marketing Services. AMS administers a variety of programs that enhance the marketing and distribution of agricultural products. Activities include the dissemination of market information, surveillance of shell egg handling operations, development of grade standards, protection of producers from unfair marketing practices, random testing of commodities for pesticide residues, development of organic standards, research and technical assistance aimed at improving efficiency of food marketing and distribution, and pesticide recordkeeping.

The 1999 budget requests programmatic increases of \$10.5 million for the Pesticide Data Program (PDP). This includes funding for the following activities:

- \$2.5 million to maintain statistically reliable sampling and analysis in all 10 participating States.
- \$1.7 million to initiate a rapid response capability necessary to support EPA data requirements under Food Quality Protection Act of 1996 (FQPA). The FQPA requires EPA to complete risk assessment evaluations for pesticides affecting multiple commodities. More than 9,000 tolerances will need to be reviewed in the next 10 years. PDP data will play a crucial role in EPA's evaluations, because it provides information concerning the actual presence of pesticides in foods. Without PDP data, EPA would need to rely on assumptions that may overstate the risk of important pest controls.
- \$6.3 million to broaden the scope of PDP to include microbiological testing of fruits and vegetables as part of the President's Food Safety Initiative. Scientifically-sound estimates of pathogenic contamination will be used to assess the food safety risk posed by microbiological pathogens on fruits and vegetables and target resources to the highest risk areas. Program costs will be minimized by utilizing PDP's existing sampling infrastructure, state laboratories, and data reporting capabilities.

The budget also includes an increase of \$1.3 million to improve the marketing of agricultural products by expanding foreign market news reports to include South and

MARKETING AND REGULATORY PROGRAMS

Central America; increasing the reporting of livestock and poultry markets in accordance with the recommendations set forth by the Secretary's Advisory Committee on Agricultural Concentration, and implementing the Organic Certification Program.

Payments to States. Under this program, AMS provides matching funds to State Departments of Agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers. This program is funded at the 1998 level.

Section 32 Funds. Section 32 of the Act of August 24, 1935 authorizes the appropriation for each fiscal year of an amount equal to 30 percent of the gross receipts from duties collected under custom laws of the United States during the preceding calendar year. Unused amounts which do not exceed \$300 million are available for use in the following fiscal year. These funds are used to: encourage exports of agricultural commodities; encourage domestic consumption of such commodities; and to reestablish farmers purchasing power. At this time these funds are used to strengthen markets by purchasing surplus perishable agricultural commodities for distribution through feeding programs; administer marketing agreements and orders at the national level; and for public hearings and producer referenda. Marketing agreements and orders help stabilize market prices and the supply of milk, fruit, vegetables, and certain specialty crops. The orders are administered locally by marketing order committees and market administrators. Local activities are funded through assessments on regulated producers and handlers.

Section 32 funds are also used to finance the administrative costs associated with the purchase of commodities that support domestic food assistance programs, such as the National School Lunch Program. In addition, AMS is responsible for developing the specifications used for food procurement throughout the Federal government.

Perishable Agricultural Commodities Act. This Act provides protection to producers, shippers, distributors, and retailers from unfair and fraudulent practices in the marketing of perishable agricultural commodities. Full and prompt payment for such products is a key objective of the program. The program is funded through an annual licensing fee paid by those subject to the Act.

Commodity Grading Services. AMS provides voluntary commodity grading and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. AMS recovers the cost of these services through user fees.

MARKETING AND REGULATORY PROGRAMS

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Pest and Disease Exclusion:			
Agricultural Quarantine Inspection (AQI) .	\$158	\$168	\$175
Fruit Fly Exclusion and Detection	21	21	22
International Programs	7	8	8
Screwworm	32	32	31
All Other.	16	16	16
Plant and Animal Health Monitoring:			
Animal Health Monitoring and Survey . . .	60	61	66
Animal and Plant Health Regulatory Enforcement	6	6	6
Pest Detection	4	6	7
Pest and Disease Management:			
Boll Weevil	17	16	4
Brucellosis Eradication	22	20	12
Wildlife Services Operations	27	28	26
All Other	32	31	31
Animal Care	10	10	10
Scientific and Technical Services	53	53	53
Contingency Fund	6	5	4
Total, APHIS Salaries and Expenses . . .	471	481	471
Emergency Programs funded from CCC . .	31	24	0
Trust Funds	8	7	7
Buildings and Facilities	9	4	5
Total, APHIS Program Level	<u>\$519</u>	<u>\$516</u>	<u>\$483</u>
Recap:			
APHIS Appropriations	\$349	\$343	\$323
AQI User Fees	131	141	143
Emergency Programs	31	24	0
Trust Funds	8	7	7
New User Fees	0	0	10

MARKETING AND REGULATORY PROGRAMS

The Animal and Plant Health Inspection Service is responsible for protecting U.S. animal and plant resources from diseases and pests, addressing conflicts with wildlife, and responding to issues of animal well-being. The major areas of activity are as follows:

- Providing inspection and quarantine services at U.S. ports of entry to prevent the introduction of foreign or exotic diseases or pests;
- Surveying and monitoring the spread of plant pests and animal diseases for Federal, State, local, and private action and to document U.S. agricultural health status for trading partners;
- Administering control and eradication programs to combat outbreaks of plant pests and animal diseases;
- Providing scientific and technical assistance to mitigate damage caused by wildlife to agricultural, industrial, natural resources, or human health;
- Inspecting for humane care and handling of animals used in research, exhibition or the wholesale pet trade; and
- Providing scientific and technical assistance for biotechnology, disease diagnostics, and pest control methods development.

APHIS conducts agricultural pest and disease inspection services at all major international airports, shipping ports, and land borders. The agency's field activities are managed through 13 Regional offices and 407 field offices. Much of the agency's work is conducted in cooperation with State and local agencies, private groups, and foreign governments.

The 1999 budget proposes a program level of \$471 million for Salaries and Expenses, a \$10 million decrease below the 1998 current estimate. This funding level reflects significant redirection of Agency activities due to the program successes in many pest and disease management programs such as brucellosis eradication, increased cost-sharing by beneficiaries for Wildlife Services Operations, and transferring more responsibilities of eradicating boll weevil to cotton producers now that additional loan programs are operational. This funding level also includes increases for Fruit Fly Exclusion and Detection and International Program activities to increase protection of American agriculture from pests and diseases. Additionally, the 1999 budget proposes user fees to recover some of the costs for administering animal welfare, biotechnology, veterinary biologic, pink bollworm, and Swine Health Protection Act programs.

Agricultural Quarantine Inspection (AQI). The AQI program is the Nation's frontline defense against the introduction of dangerous agricultural pests and diseases from other countries. User fees are charged for inspection of international passengers, aircraft, ships, railcars and trucks. The 1999 budget proposes \$175 million for AQI activities. Increased traffic of Asian and European agricultural products into the United States

MARKETING AND REGULATORY PROGRAMS

through Canada has created the need for increased inspections to reduce the risk of introducing exotic agricultural pests into the U.S. APHIS will likely inspect upwards of 85 million passengers potentially carrying banned agricultural products into the United States.

Fruit Fly Exclusion and Detection. The 1999 budget provides a program increase of \$0.7 million to strengthen fruit fly detection and control activities. The agency will carry out Environmental Protection Agency recommendations to minimize the use of Malathion by enhancing exclusion and detection activities. APHIS will strengthen domestic fruit fly detection and control by increasing detection surveys in expanding urban areas where introduction is most likely. The increased funding will assure US trading partners of our commitment to fruit fly control and ease entry of US produce into foreign countries.

International Programs. The 1999 budget also requests an additional \$0.6 million for international activities. APHIS would open new offices in Southeast Asia and Brazil to direct APHIS Sanitary/Phytosanitary (SPS) activities. The Agency has taken on greater responsibility for resolving SPS conflicts since the signing of the World Trade Organization agreement. Further, funds would be used to resolve SPS standard requirements for U.S. agricultural trade. Such funding would help meet the Secretary's goal to double agricultural exports over the next several years.

Screwworm. The 1999 budget proposes a \$1.4 million reduction below the 1998 current estimate. The Screwworm Eradication program protects the U.S. livestock industry by eradicating screwworm from Mexico and Central American countries thereby minimizing the risk of spread to the domestic industry. Active eradication efforts will focus on Costa Rica and Panama where the total land mass is less than in Nicaragua and eradication costs can be reduced. The agency will begin sterile fly releases into Panama, the last country before the barrier is established in the Isthmus of Panama. The Nicaragua program will maintain prevention and surveillance activities through the rest of 1998 and serve as a principal dispersal center for the Costa Rican program.

Animal Health Monitoring and Surveillance (AHMS). The 1999 budget requests \$66 million, \$4.5 million above 1998. APHIS intends to expand the National Animal Health Monitoring System to routinely identify diseases and death loss trends in sentinel feedlot and dairy cattle and swine. The Agency would enhance its emergency preparedness, and response capabilities by upgrading its Foreign Animal Disease Reporting and Networking System and developing and training on biological terrorism and other emerging disease issues. The remaining increase would be used to work cooperatively with State and Federal wildlife agencies to investigate, study and evaluate disease conditions in wildlife.

Brucellosis. The Department cooperates with State governments, industry organizations, and individual herd owners to eradicate brucellosis. The 1999 budget proposes an \$8 million reduction in brucellosis eradication expenditures. APHIS has 9 States in the final stages of eradication and anticipates that all 50 States will be in Class "Free" Status by the end of 1999. As of August 31, 1997, there were 18 herds under quarantine, compared to 45 herds at the end of August 1996.

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Boll Weevil. The 1999 budget proposes a reduction of \$12 million below the 1998 current estimate. The Agency is gradually transferring full operational responsibility for program activities where the boll weevil no longer exists to grower organizations. APHIS would continue to oversee and provide technical support to boll weevil detection and control activities in eradicated and non-infested areas. Growers can pay a greater share of program costs due to loans made available from USDA's Farm Service Agency.

Wildlife Services (WS). The 1999 budget proposes a reduction of \$2.5 million in the Federal share of the WS operating expenses, in order to reduce the disparity of the cost sharing assistance among individual States. Currently, most States pay at least half of the total cost of WS operations. APHIS will reduce its direct control and assistance programs, while pursuing increased or new cost sharing initiatives. The budget moves in the direction of reducing the level of Federal assistance for each State so that the Federal share does not exceed 50 percent of the total program level. Achieving the reduced cooperative level is expected over a 2 and 3-year period, except for States with very small needs for technical assistance.

Buildings and Facilities. An appropriation of \$5.2 million is proposed for general maintenance and to support continued modernization of the Plum Island Animal Disease Center (PIADC) facilities in 1999. Of this amount, \$3.2 million would be provided, in addition to a \$3.5 million proposal included in the Agricultural Research Service budget for PIADC. General repairs and maintenance of other APHIS buildings would be funded with the remaining \$2 million.

MARKETING AND REGULATORY PROGRAMS

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
Salaries and Expenses:			
Grain Inspection Activities	\$11	\$11	\$11
Packers and Stockyards Activities . .	12	13	18 <u>a/</u>
Existing User Fees	34	43	43
Total, GIPSA Program Level	57	67	72
Existing User Fees	-34	-43	-43
New User Fees:			
Grain Standardization	0	0	-3
Methods Development	0	0	-3
Capitalization and Startup Costs . . .	0	0	4
Packers and Stockyards Activities . .	0	0	-15
Total, GIPSA Appropriations	<u>\$23</u>	<u>\$24</u>	<u>\$12</u>

a/ Includes a one-time restructuring cost of \$3 million.

GIPSA establishes the official U.S. standards for grain, conducts official weighing and grain inspection activities, and grades rice, dry beans and peas, processed grain products, and hops. The agency also provides assurance for the financial integrity of the livestock, meat, and poultry markets. The agency monitors competition in order to protect producers, consumers, and industry from deceptive and fraudulent practices which affect meat and poultry prices.

GIPSA supervises 8 state and 57 designated private agencies for grain inspection and weighing services at domestic locations; provides supervision and other services from 24 field offices; and handles appeals of grain inspection services in Kansas City, Missouri. Packers and Stockyards (P&S) Programs currently operates out of 11 field offices. For 1999, GIPSA requests \$3 million in one-time costs to restructure its P&S Programs. The restructuring will: (1) consolidate the two current program divisions and six branches into a single policy/litigation support office with 3 branches; (2) consolidate 11 regions into 3; and (3) transfer at least 20 percent of the headquarters positions to the field.

For 1999, the budget proposes a program level for Salaries and Expenses of \$29 million with \$11 million being devoted to grain inspection activities for standardization, compliance, and methods development. The methods development activities include new

MARKETING AND REGULATORY PROGRAMS

and improved tests and procedures for determining grain quality, the economic analysis of consequences from changing such procedures, and also determining the criteria and recommending specifications for grain inspection instrumentation. The 1999 budget proposes legislation to authorize the collection of \$6 million in additional user fees to cover costs of developing, reviewing, and maintaining official U.S. grain standards used by the entire grain industry and for methods development that produce new or improved techniques for measuring grain quality. GIPSA expects this level of funding to be sufficient to support 260 million metric tons of official grain inspection activities.

The 1999 budget proposes \$18 million for Packers and Stockyards Programs, which includes the following changes:

- an increase of \$0.2 million to enable electronic submission of industry data as required by the Paperwork Reduction Act of 1995 which will result in a savings to businesses;
- an increase of \$0.8 million to expand poultry compliance activities. GIPSA would increase the number and scope of poultry compliance investigations;
- an increase of \$0.8 million for monitoring and analyzing packer competitive practices and the implications of structural changes and behavioral practices in the meat packing industry;
- an increase of \$3 million to reorganize the Packers and Stockyards field structure to better target resources; and
- an increase of \$0.2 million to implement a dealer trust.

The Secretary's Advisory Committee on Agricultural Concentration addressed the issue of concentration in agriculture. The Department reviewed the recommendations and has taken steps to implement some of them. For example, USDA has broadened the coverage of market reports in livestock to include the volume of slaughter cattle contracted for sale and expanded reporting to include value-based pricing indicators (premiums and discounts). Other initiatives being considered or under development include several intended to continue improvement of market information and producers' understanding of market forces such as providing information on slaughter by grade and yield on a regional basis. Also, the Packers and Stockyards Program of GIPSA is conducting additional analyses of the effects of concentration on prices using data collected for the Packer Concentration study. GIPSA expects this level of funding is needed to conduct 1,950 investigations in 1999, 150 more than in 1998.

The 1999 budget again proposes legislation to authorize a dealer trust similar to that of the packer trust. Dealers would be required to maintain trust assets covering the value of livestock inventories and accounts receivable due from the sale of livestock until the livestock is paid for. This legislation is intended to mitigate the effects of dealer financial

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failures which represent a significant amount of unrecovered losses in the livestock marketing chain.

The 1999 budget also repropose legislation to authorize the collection of license fees to administer the Packers and Stockyards Act (the Act). License fees would be applied to those subject to the Act (i.e., packers, livestock and poultry dealers, and meat buyers) to protect them from unfair and fraudulent marketing practices. The budget includes \$4 million to capitalize a reserve fund and to finance start-up costs.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL OFFICES AND CENTRALIZED ACTIVITIES

The Departmental offices provide leadership, coordination and support for all administrative and policy functions of the Department. These offices assist program agencies throughout the Department in their efforts to provide efficient and effective service to all USDA customers. The Department also has a number of centralized activities which have separate appropriations. These centrally managed operations provide efficient, economical services through economies of scale and management attention for the benefit of all participating agencies. These activities are managed by the Departmental staff offices or coordinated at the Departmental level.

Program Level (Dollars in Millions)			
Program	1997 Actual	1998 Current Estimate	1999 Budget
Departmental Offices:			
Office of the Secretary	\$11	\$11	\$12
Departmental Administration			
Staff Offices	23	25	32
Outreach for Socially Disadvantaged Farmers	6	3	10
Office of the Chief Financial Officer .	4	4	5
Office of the Chief Information Officer	5	6	7
Office of the General Counsel	28	29	30
Office of the Inspector General	63	63	88
Office of Communications	8	8	8
Executive Operations:			
Office of the Chief Economist	4	5	6
National Appeals Division	12	12	13
Office of Budget and Program Analysis	6	6	6
Total, Executive Operations	<u>22</u>	<u>23</u>	<u>25</u>
Centrally Financed Activities:			
Agriculture Buildings and Facilities and Rental Payments	144	131	156
Hazardous Waste Management	16	16	16
Trust Funds	<u>1</u>	<u>1</u>	<u>1</u>
Total, Centralized Activities	<u>161</u>	<u>148</u>	<u>173</u>
Total, Departmental Offices and Centralized Activities	<u>\$331</u>	<u>\$320</u>	<u>\$390</u>

DEPARTMENTAL ACTIVITIES

Following are some highlights of the budget proposals for the above offices and activities.

The **Departmental Administration (DA) Staff Offices** provide staff support to policy officials and overall direction and coordination for the management of human resources, civil rights, outreach, property, procurement, and the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges, Judicial Officer, and Board of Contract Appeals.

The request includes additional resources for DA staff offices of \$6.3 million, which will be used to meet the Department's Strategic Goal of ensuring that all employees and customers are treated fairly and equitably with dignity and respect. The funds will support the following activities:

- Additional staffing in the Office of Human Resources Management to improve personnel services and technical advice to USDA agencies; support improved USDA workforce planning; ethics awareness and compliance; and develop, maintain and evaluate civil rights training for all USDA employees.
- Additional staffing to improve outreach to USDA customers including support for the new USDA Office of Outreach, more oversight of USDA agencies' contracts and agreements, increase efforts to transfer excess Federal Personal Property to 1890, 1994 and Hispanic-Serving Institutions, and conduct additional conferences for small businesses to improve USDA contracting practices and expand the list of eligible small and disadvantaged businesses for USDA agency use.
- Additional staffing to enhance management-employee relations and support early resolution of employee grievances and conflicts within USDA.

In 1997 and 1998, the Congress has increased funding specifically for civil rights activities within DA. These activities will continue and the additional resources will be used to build on these improvements.

The newly established **Office of Outreach** within **DA** assumed responsibility in 1998 for providing Departmentwide leadership and coordination to assure that all eligible customers have access to USDA programs and services and for administering the Socially Disadvantaged Farmers Outreach Program. Authorized by Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990, the program is designed to assist socially disadvantaged farmers and ranchers to participate in USDA programs and be successful in their operations by providing outreach and technical assistance. The proposal for 1999 includes an increase of \$7 million bringing the total appropriated for this activity to \$10 million.

To facilitate the processing and adjudicating of civil rights complaints, increased funding is also included to expand the Civil Rights Division in the **Office of the General Counsel**.

DEPARTMENTAL ACTIVITIES

The **Office of the Chief Information Officer (OCIO)** provides policy guidance, leadership, and coordination to USDA's information management and technology investment activities. The proposed increase for 1999 includes \$1.5 million for further development of the Department's Information Technology Capital Planning and Investment Control programs and the USDA Information Architecture.

The **Office of the Chief Financial Officer (OCFO)** provides overall direction and leadership in the development of modern financial systems in the Department. The proposed increase of \$279 thousand for 1999 includes funds to strengthen the Department's capability to provide cost of service information, particularly with regard to implementing the Government Performance and Results Act.

The **Office of the Inspector General (OIG)** conducts and supervises audits and investigations relating to programs and operations of the Department, reviews and makes recommendations on existing and proposed legislation and regulations, and recommends policies and activities to promote economy and efficiency and to prevent and detect fraud and mismanagement in USDA operations. The increase of about \$25 million includes pay costs and law enforcement retirement benefits and about \$22 million to support a special Presidential Law Enforcement Initiative.

Included in the Law Enforcement Initiative is funding for OIG to expand activities to crack down on fraud and abuse in the food stamp and other nutrition programs. In this area, OIG estimates that over \$50 million a year in food stamps goes illegally to convicted felons and prison inmates, and that a sizable number of retailers who accept food stamps make money from them illegally. OIG's recent pilot effort, Operation Talon, has been extremely successful. In the 24 metropolitan areas around the country included in the pilot, Operation Talon resulted in the arrest of over 2,200 fugitive felons and the savings of millions of dollars to the U.S. Treasury. This initiative will allow OIG to expand these efforts nationwide.

In addition to food stamp fraud, the initiative funds will also enable OIG to dedicate more resources to rural rental housing programs, and disaster and health and safety programs requiring immediate response. Health and safety of food from production to the consumer is of special concern because of such highly visible emergencies as contaminated strawberries in the School Lunch Program and the tainted meat in the food distribution chain resulting in the recall of 25 million pounds of ground beef from public consumption.

The **Chief Economist** advises the Secretary on policies and programs related to U.S. agriculture and rural areas, provides objective analysis on the impacts of policy options on the agricultural and rural economy, and participates in planning and development programs to improve the Department's forecasts, projections, and policy analysis capabilities. The proposed increase would continue USDA's initiative to provide enhanced weather and climate data for agricultural areas. This initiative includes modernization of USDA's weather and climate data acquisition equipment to allow USDA to continue to provide data to and receive data from the National Weather Service, and implementation of the second phase of the National Agricultural Weather Observing Network which will

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manage the collection, quality control, and dissemination of the weather and climate data in agricultural areas. In addition, the Budget includes an increase for the Office of Risk Assessment and Cost Benefit Analysis in support of the President's Interagency Food Safety Initiative, and an increase to fund the Commission on 21st Century Production Agriculture as mandated by the 1996 Farm Bill. The Commission is conducting a comprehensive review and assessment of the future of production agriculture in the U.S. and the appropriate role of the Federal Government in support of production agriculture.

The **Department's Strategic Space Plan** for buildings and facilities is based on projected staffing level at the Washington headquarters. In 1999, the Department is requesting \$155.7 million for its facilities programs covered under the Agriculture Buildings and Facilities Appropriation. The request includes \$108 million for rental payments to the General Services Administration (GSA); \$24 million for the operation and maintenance of the headquarters complex including the new Beltsville facility, and \$23.5 million for the continued renovation of the South Building to correct health and safety hazards and provide modern facilities. The Beltsville facility will be ready for occupancy in early 1998. The design for the first phase of the South Building renovation was completed in 1997 and award of a construction contract is scheduled for February 1998. The design for phase 2 of the modernization in Wing 4 is now underway and scheduled to be completed during 1998. The 1999 request includes funds for the construction of phase 2.

APPENDIX

SECRETARY'S CIVIL RIGHTS INITIATIVE

Budget Authority
(Dollars in Millions)

Program	1998 Current Estimate	1999 Budget
Fund Civil Rights Activities in DA	\$12.8	\$17.8
Improve Outreach to USDA Customers and Socially Disadvantaged Farmers and Ranchers	3.0	10.0
Civil Rights Division Within OGC	0.2	0.9
Fund Small Farms Initiative	0.0	4.0
Address Disparities in Funding of Institutes of Higher Education:		
1890 Facilities	8.0	12.0
Extension Services at 1994 Institutions	2.0	3.5
Hispanic Serving Institutions Educ. Grants	2.5	2.5
Increase Extension Indian Reservation Program	1.7	5.0
Farm Ownership and Farm Operating Loans:		
Farm Ownership at \$85 Million Level in 1999	6.0	13.0
Farm Operating Loans at \$500 Million Level in 1999	32.0	34.0
Farm Labor Housing Program:		
Subsidy for \$32 million in Loans in 1999	7.3	17.0
Farm Labor Housing Grant Level	10.0	13.0
Rural Rental Assistance Payments	5.0	10.0
Address the Needs of Farmworkers:		
Fund NASS Pesticide Use Survey	5.7	7.1
Provide Increased EQIP Funds to Low-Income Farmers and to Address Environmental Needs	0.0	100.0
Total, Civil Rights	\$96.2	\$249.8

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The Secretary appointed a Civil Rights Action Team (CRAT) to investigate longstanding civil rights issues facing the Department in both program delivery and employment. The CRAT issued a report in February 1997, which contained findings and made a number of recommendations. The Secretary directed quick implementation of those recommendations that could be immediately put in place and directed the development of an implementation plan for other recommendations.

Full implementation of the CRAT recommendations was estimated to have a 5-year cost of about \$1.2 billion. The 1999 budget includes almost \$250 million for CRAT related activities. These include:

- **Administration.** Additional staffing for civil rights activities to improve civil rights related personnel services and technical assistance to agencies, increase outreach and assistance efforts to under represented customers and groups, enhance management-employee relations and support early resolution of complaints. An increase is proposed for the newly established Office of Outreach within DA to assure that all eligible customers have access to USDA programs and services and for the Socially Disadvantaged Farmers Outreach Program, which is authorized by Section 2501 of the Food, Agriculture, Conservation and Trade Act of 1990. An increase is also proposed to facilitate the processing and adjudicating of civil rights complaints by expanding the civil rights division in OGC.
- **Research, Education, Extension and Statistics.** Funds are requested to support an integrated research, extension, and education competitive grants program through CSREES for new technology adoption and transfer to small farms. This initiative is intended to foster greater diversity in small farm enterprises as well as enhance current small farms production capabilities.

Additional funds are requested to address disparities in funding and enhance the Department's cooperative efforts with institutions of higher education that are primarily devoted to the needs of minority students. Funds will also be targeted to improve outreach to socially disadvantaged farmers and ranchers in cooperation with these institutions to help stem the reduction of minority small farmers. The Extension Indian Reservation program will be expanded to meet the need for greater outreach by Extension Agents. Increased funding will support NASS's collection of data on pesticide usage in nursery and greenhouse crops, where the potential for farmworker exposure is high.

- **Farm Credit.** Funds are proposed to support farm ownership and operating loans at the levels recommended by the CRAT report. Direct farm ownership loans would be increased from \$46 million in 1998 to \$85 million in 1999. This funding increase will allow over 1,000 family farmers to either acquire their own farm or to save an existing one -- nearly 500 more than in 1998. Roughly 60 percent of these loans are provided to limited resource borrowers.

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- **Farm Labor Housing.** Funds are provided to support a total of \$55 million in loans and grants to construct housing for some of the Nation's neediest families. This is over an 80 percent increase from the 1998 level.
- **Environmental Quality Incentives Program.** An increase of \$100 million is requested to address CRAT recommendations and Clean Water Initiative goals.

APPENDIX

INTEGRATED PEST MANAGEMENT AND RELATED PROGRAMS

Program Level
(Dollars in Millions)

Program	1997 Actual	1998 Current Estimate	1999 Budget
IPM Initiative -- Research and Extension to Address Producer-Identified Needs			
CSREES:RE IPM Research Grant Program	\$3	\$3	\$8
CSREES:RE Pest Management Alternatives	2	2	4
CSREES:RE Expert IPM Decision Support System	a/	a/	a/
CSREES:Ext. IPM Application	11	11	15
ARS Areawide IPM Research	6	6	6
ERS IPM Research	1	1	1
Total, IPM Initiative	23	23	34
Pesticide Use Data Collection and Analysis			
ARS Food Intake Surveys	1	5	2
NASS Pesticide Use Surveys	6	6	7
ERS Pesticide Use Analysis	2	2	2
AMS Pesticide Data Program	a/	8	12
AMS Pesticide Recordkeeping	2	3	3
Total, Data Collection and Analysis	11	24	26
Pesticide Registration, Clearance, Assessment, Training			
ARS-Minor Use Clearance (IR-4)	2	2	2
CSREES:RE Minor Crop Pest Mgmt (IR-4)	6	9	11
ARS/CSREES/ERS/FS NAPIAP	6	6	8
CSREES:Ext. Pesticide Applicator Training	0	0	2
Total, Pesticide Registration	14	17	23
Contributing Research and Application Programs -- IPM and Biocontrol			
CSREES:RE NRI, Formulas, Other b/	35	36	34
ARS Research	66	77	76
FS-IPM Research	9	9	9
ERS Research	a/	a/	a/
Total, Ongoing Research	110	122	119
APHIS Application	51	50	40
NRCS/FSA IPM Application	7	10	10
FS-IPM Application	14	15	15
Total, Application	72	75	65
Total, IPM and Related Programs	\$230	\$261	\$267

a/ Less than \$0.5 million.

b/ The actual for 1997 includes 1996 NRI grants awarded in 1997, as well as 1997 awards.

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In 1993 USDA, EPA, and FDA responded to concerns about the public health and environmental risks associated with the use of pesticides with a commitment to encourage the adoption of Integrated Pest Management (IPM) on 75 percent of U.S. crop acreage by the year 2000, to promote the use of safer pesticides with reform of the registration program under current legislation, and to work with Congress on legislation to make major reforms in pesticide registration. Significant progress has been made, but work remains to be done.

The Food Quality Protection Act (FQPA) was enacted in late 1996. FQPA establishes an entirely new registration system that features legislative deadlines for reregistration of all pesticides within 10 years, with intermediate deadlines for those pesticides of the greatest concern. FQPA also provides a special level of protection for foods consumed by children. While EPA has the primary responsibility for implementing FQPA, USDA has important supporting responsibilities to gather data on food consumption and pesticide use, to develop new pest control techniques and strategies, and to encourage the widespread adoption of safer pest control practices.

Beginning with the budget for fiscal year 1996, USDA has sought additional funding for:

- **A multi-faceted initiative built around producer-identified needs** for applied research and education projects using pest control technologies that are ready for large-area trials and adoption. The budget proposes increases of \$9 million for combined IPM research and extension grants for Phase II implementation of 19 projects that were planned in 1995 and 1996 under Phase I planning grants. Congress has provided partial support for the Pest Management Alternatives Program that supports work on alternatives to pesticides under EPA review. The 1999 budget proposes to more than double funding for this research program. Congress has also supported requests for several areawide projects in ARS and the budget proposes to expand these promising projects in 1999.
- **Various pesticide use data and analysis programs.** In 1998 Congress provided funding for additional sampling of children in the Continuing Survey of Food Intakes of Individuals. The 1999 budget recommends additional sampling of other population groups that may have special risk characteristics. Congress also returned funding of the Pesticide Data Program (PDP) to the Agricultural Marketing Service in 1998 and the 1999 recommendation is for additional funding to provide a quick response to FQPA-related needs. In addition to funds supporting FQPA needs, \$6.3 million is proposed for PDP to establish a microbiological baseline in support of the President's Interagency Food Safety Initiative. The budget calls for an additional pesticide use survey by NASS to be sure there is a good understanding of current practices for labor-intensive crops where worker exposure is a special concern.
- **Programs that support the pesticide registration process.** Congress provided an increase in the Inter-Regional Research Program (IR-4) for minor crop registration in 1998. The 1999 proposal is for additional funding for IR-4 to make sure that pesticides that are safe, but which have only a small market, are not removed from use merely

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because registrants cannot afford the costs of tests required by EPA as it implements FQPA. The National Agricultural Pesticide Impact Assessment Program (NAPIAP) is a coordinated, multi-agency program to gather data on current pesticide uses and management practices. NAPIAP assessments help decision-makers understand the implications of registration decisions for individual producers and for the agricultural sector. Additional funds of \$1.5 million for NAPIAP in ARS will support the Office of Pest Management policy (OPMP) established in August 1997 to improve coordination and communication with grower groups, USDA agencies, and EPA. The OPMP will work to ensure that timely and accurate data and analyses are provided to EPA; identify high priority pest management needs; and ensure programs are in place to provide alternative pest management tools.

The Pesticide Applicator Training program provides training on the proper handling and application of restricted use pesticides. The number of restricted use pesticides classified as such is expected to increase under FQPA. It is important to support training programs that afford protection for those who would be harmed by misuse and which allow the continued use of pesticides that may otherwise pose health hazards and thus be cancelled or banned by EPA.

- **Contributing research and application programs.** The Department devotes substantial sums on fundamental research or research on specific aspects of pest control problem. Findings under these programs are the building blocks for more comprehensive, larger scale pest management systems. Biocontrol is one of the basic technologies supported and the budget seeks additional work on biocontrol in ARS. The Department is a major user of IPM technology. APHIS uses IPM in programs to control fruit flies, boll weevils, and the silverleaf whitefly. The FS uses IPM in the gypsy moth program.

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UNITED STATES DEPARTMENT OF AGRICULTURE Budget Authority (Dollars in Millions)

Agency	1997 Actual	1998 Current Estimate	1999 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	\$132	\$93	\$103
Commodity Credit Corporation Programs	8,685	8,943	8,700
Risk Management Agency	1,849	952	1,775
Foreign Agricultural Service	138	141	142
P.L. 480	509	460	446
RURAL DEVELOPMENT			
Rural Utilities Service	11	-521	-98
Rural Housing Service	1,147	520	113
Rural Business-Cooperative Service	74	58	64
Rural Community Advancement Program	662	652	715
Rural Empowerment Zones/Enterprise	0	0	20
FUND FOR RURAL AMERICA	80	0	100
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	40,496	37,328	38,803
Section 32 Funds	423	513	450
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	999	785	825
Forest Service	3,458	3,495	3,308
FOOD SAFETY			
Food Safety and Inspection Service	578	594	155
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	800	839	828
Cooperative State Research, Education, and Extension Service	914	859	850
Economic Research Service	53	72	56
National Agricultural Statistics Service	100	118	107
MARKETING AND REGULATORY PROGRAMS			
Agricultural Marketing Service	152	163	172
Animal and Plant Health Inspection Service	464	479	474
Grain Inspection, Packers & Stockyards Administration .	23	24	12
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	9	9	10
Executive Operations	22	23	26
Office of the Chief Financial Officer	4	4	5
Office of the Chief Information Officer	0	6	7
Departmental Administration	30	25	32
Outreach for Socially Disadvantaged Farmers	1	3	10
Hazardous Waste Management	16	16	16
Agriculture Buildings and Facilities	144	131	156
Office of Communications	8	8	8
Office of the Inspector General	63	63	88
Office of the General Counsel	28	29	30
Gifts and Bequests	1	1	1
Subtotal	62,073	56,702	58,303
Offsetting Receipts	-1,197	-843	-868
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	<u>\$60,876</u>	<u>\$55,859</u>	<u>\$57,435</u>

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Discretionary Programs - Budget Authority (Dollars in Millions)

Agency	1998 Current Estimate	1999 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES		
Farm Service Agency	\$1,038	\$1,066
Commodity Credit Corporation Programs	4	4
Risk Management Agency	252	66
Foreign Agricultural Service	140	141
P.L. 480	1,064	967
RURAL DEVELOPMENT		
Rural Utilities Service	113	120
Rural Housing Service	1,255	1,288
Rural Business-Cooperative Service	62	68
Rural Community Advancement Program	652	715
FOOD, NUTRITION, AND CONSUMER SERVICES		
Food and Nutrition Service	4,325	4,536
NATURAL RESOURCES AND ENVIRONMENT		
Natural Resources Conservation Service	785	825
Forest Service	2,672	2,554
FOOD SAFETY		
Food Safety and Inspection Service	589	150
RESEARCH, EDUCATION, AND ECONOMICS		
Agricultural Research Service	824	813
Cooperative State Research, Education, and Extension Service	859	850
Economic Research Service	72	56
National Agricultural Statistics Service	118	107
MARKETING AND REGULATORY PROGRAMS		
Agricultural Marketing Service	48	59
Animal and Plant Health Inspection Service	431	423
Grain Inspection, Packers & Stockyards Administration .	24	12
DEPARTMENTAL ACTIVITIES		
Office of the Secretary	9	10
Executive Operations	23	26
Office of the Chief Financial Officer	4	5
Office of the Chief Information Officer	6	7
Departmental Administration	25	32
Outreach for Socially Disadvantage Farmers	3	10
Hazardous Waste Management	16	16
Agriculture Buildings and Facilities	131	156
Office of Communications	8	8
Office of the Inspector General	63	88
Office of the General Counsel	29	30
Subtotal	15,644	15,208
Offsetting Receipts	-11	-15
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$15,633	\$15,193

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Outlays (Dollars in Millions)

Agency	1997 Actual	1998 Current Estimate	1999 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	\$158	\$20	-\$66
Commodity Credit Corporation Programs	7,256	8,566	8,420
Risk Management Agency	1,025	1,397	1,821
Foreign Agricultural Service	123	130	139
P.L. 480	334	535	467
RURAL DEVELOPMENT			
Rural Utilities Service	-586	-172	-1,971
Rural Housing Service	1,196	517	176
Rural Business-Cooperative Service	66	88	76
Rural Community Advancement Program	633	653	650
FUND FOR RURAL AMERICA	41	17	66
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	35,812	35,958	37,984
Section 32 Funds	133	63	0
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	974	1,099	888
Forest Service	3,209	3,526	3,378
FOOD SAFETY			
Food Safety and Inspection Service	574	594	156
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	770	822	855
Cooperative State Research, Education, and Extension Service	871	892	884
Economic Research Service	48	72	59
National Agricultural Statistics Service	90	115	108
MARKETING AND REGULATORY PROGRAMS			
Agricultural Marketing Service	178	172	187
Animal and Plant Health Inspection Service	507	430	477
Grain Inspection, Packers & Stockyards Administration ..	23	24	14
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	7	14	12
Executive Operations	21	23	26
Office of the Chief Financial Officer	4	5	4
Office of the Chief Information Officer	0	6	7
Departmental Administration	37	23	32
Outreach for Socially Disadvantaged Farmers	2	5	10
Hazardous Waste Management	14	16	16
Agriculture Buildings and Facilities	157	150	159
Office of Communications	7	7	8
Office of the Inspector General	63	63	86
Office of the General Counsel	27	27	30
Working Capital Fund	-31	0	0
Gifts and Bequests	1	1	1
Subtotal	53,744	55,858	55,159
Offsetting Receipts	-1,197	-843	-868
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$52,547	\$55,015	\$54,291

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Discretionary Programs - Outlays (Dollars in Millions)

Agency	1998 Current Estimate	1999 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES		
Farm Service Agency	\$1,088	\$1,079
Commodity Credit Corporation Programs	4	4
Risk Management Agency	227	84
Foreign Agricultural Service	129	138
P.L. 480	1,139	1,006
RURAL DEVELOPMENT		
Rural Utilities Service	187	163
Rural Housing Service	1,251	1,274
Rural Business-Cooperative Service	80	75
Rural Community Advancement Program	653	650
FOOD, NUTRITION, AND CONSUMER SERVICES		
Food and Nutrition Service	4,357	4,504
NATURAL RESOURCES AND ENVIRONMENT		
Natural Resources Conservation Service	1,048	847
Forest Service	2,725	2,624
FOOD SAFETY		
Food Safety and Inspection Service	589	151
RESEARCH, EDUCATION, AND ECONOMICS		
Agricultural Research Service	808	841
Cooperative State Research, Education, and Extension Service	892	884
Economic Research Service	72	59
National Agricultural Statistics Service	115	108
MARKETING AND REGULATORY PROGRAMS		
Agricultural Marketing Service	43	57
Animal and Plant Health Inspection Service	383	427
Grain Inspection, Packers & Stockyards Administration ..	24	14
DEPARTMENTAL ACTIVITIES		
Office of the Secretary	14	12
Executive Operations	23	26
Office of the Chief Financial Officer	5	4
Office of the Chief Information Officer	6	7
Departmental Administration	23	32
Outreach for Socially Disadvantaged Farmers	5	10
Hazardous Waste Management	16	16
Agriculture Buildings and Facilities	150	159
Office of Communications	7	8
Office of the Inspector General	63	86
Office of the General Counsel	27	30
Subtotal	16,153	15,379
Offsetting Receipts	-11	-15
TOTAL, U.S. DEPARTMENT OF AGRICULTURE	\$16,142	\$15,364

United States Department of Agriculture Staff Years

1993 Ceiling	1997	1998	1999	Change 1993 - 1999		Change 1998 - 1999	
				Amount	Percent	Amount	Percent
Farm Service Agency	7,628	5,870	5,646	-1,982	-26%	-263	-4%
Risk Management Agency	664	526	550	-114	-17%	0	0%
Foreign Agricultural Service	923	881	819	-104	-11%	-62	-7%
Rural Utilities Service	890	745	715	-175	-20%	-49	-6%
Rural Housing Service	8,222	6,227	6,108	-2,114	-26%	-80	-1%
Rural Business-Cooperative Service	428	320	304	-124	-29%	-24	-7%
Alternative Agricultural Research & Comm.	7	6	11	4	57%	0	0%
Food and Nutrition Service	2,009	1,711	1,782	-227	-11%	57	3%
Natural Resources Conservation Service ..	13,784	11,888	11,412	-2,372	-17%	-532	-4%
Forest Service	43,025	36,330	35,526	-7,480	-17%	-785	-2%
Food Safety and Inspection Service	9,950	9,697	9,702	-248	-2%	0	0%
Agricultural Research Service	8,426	7,521	7,562	-861	-10%	6	0%
Coop. State Research, Education & Extension Service	408	394	405	-3	-1%	0	0%
Economic Research Service	788	570	551	-237	-30%	-3	-1%
National Agricultural Statistics Service	1,487	1,097	1,107	-380	-26%	-183	-14%
Agricultural Marketing Service	4,027	3,524	3,524	-503	-12%	0	0%
Animal and Plant Health Inspection Service	6,552	6,295	6,133	-419	-6%	-154	-2%
Grain Inspection, Packers and Stockyards Administration	936	788	824	-112	-12%	0	0%
Office of the Secretary	83	61	82	-1	-1%	0	0%
Office of the Chief Economist	45	40	57	12	27%	7	14%
National Appeals Division	152	133	133	-19	-13%	0	0%
Office of Budget and Program Analysis ..	76	73	69	-7	-9%	-1	-1%
Office of the General Counsel	420	351	378	-42	-10%	4	1%
Office of the Inspector General	850	742	925	75	9%	175	23%
Office of the Chief Information Officer ..	297	246	271	-26	-9%	3	1%
Office of the Chief Financial Officer	1,221	1,239	1,131	-90	-7%	-146	-11%
Departmental Administration	727	618	701	-26	-4%	53	8%
Office of Communications	150	119	120	-30	-20%	1	1%
Subtotal, USDA	114,175	98,012	96,548	-17,627	-15%	-1,976	-2%
Thrift Savings Plan	367	445	502	135	37%	12	2%
Total, USDA, Federal	114,542	98,457	97,050	-17,492	-15%	-1,964	-2%
FSA, Non-Federal County	14,953	11,399	9,980	-4,973	-33%	-855	-8%
Total, USDA	129,495	109,856	107,030	-22,465	-17%	-2,819	-3%

APPENDIX

1999 User Fee Proposals (Dollars in Millions)

Agency and Program	Budget Authority
Farm and Foreign Agricultural Services	
Farm Service Agency:	
Salaries and Expenses	-\$10
<ul style="list-style-type: none">This proposal would charge fees to cover the costs of collecting and processing information provided to private individuals and companies. Information products developed would be priced at the full cost of processing and dissemination. The fees collected would be available for salaries and expenses.	
Natural Resources and Environment	
Natural Resources Conservation Service:	
Conservation Operations	-10
<ul style="list-style-type: none">This proposal would establish user fees focused on those financial or technical services that provide only a limited public benefit or on those that are already available through the private sector.	
Forest Service:	
Recreation Fee Demonstration Program	0
<ul style="list-style-type: none">This proposal would permanently extend the Recreation Fee Program beyond 2000 and would authorize the direct expenditure of all recreation fees collected by the Forest Service. The current 1999 estimate for this program is \$20 million.	

APPENDIX

1999 User Fee Proposals--Continued (Dollars in Millions)

Agency and Program	Budget Authority
Food Safety	
Food Safety and Inspection Service:	
Salaries and Expenses	-\$573
<ul style="list-style-type: none">This proposal would charge fees for the full cost of providing Federal inspection of meat, poultry, and egg products.	
Marketing and Regulatory Programs	
Animal and Plant Health Inspection Service:	
Salaries and Expenses	-10
<ul style="list-style-type: none">This proposal would establish user fees for costs for animal welfare inspections; issuance of biotechnology certificates; veterinary biologics licensing, inspection and testing activities; activities associated with control and eradication of pink bollworm; and inspections of facilities to comply with the garbage cooking requirements of the Swine Health Protection Act.	
Grain Inspection, Packers and Stockyards Administration:	
Salaries and Expenses	-21
<ul style="list-style-type: none">This proposal would establish a fee for the grain standardization and methods development activities; a licensing fee to cover the costs of administering the provisions of the Packers and Stockyards Act relating to meat packing and stockyards activities and a statutory dealers trust.	
Total, User Fee Related Proposed Legislation	<u><u>-\$624</u></u>

APPENDIX

1999 Other Proposed Legislation (Dollars in Millions)

Agency and Program	Budget Authority
Farm and Foreign Agricultural Services	
Commodity Credit Corporation:	
<ul style="list-style-type: none"> The Administration will propose legislation to increase CCC funding for EQIP by \$100 million in 1999 and by a total of \$350 million for the period 1999 to 2003. 	\$100
<ul style="list-style-type: none"> Legislation is proposed for upland cotton user marketing certificates, step-2 payments, that would reduce outlays by an estimated \$110 million in 1999 and \$48 million in 2000 by capping payments at \$140 million in 1999 and to no more than \$333 million during the period 1999 through 2002. Existing law caps step-2 payments at \$701 million during fiscal years 1996 through 2002. 	-110
<ul style="list-style-type: none"> The budget includes proposed legislation for a reduced flexible, multi-year program level authorization for the Export Enhancement Program (EEP) for 1999 to 2003. Under this proposal, total funding of about \$1.2 billion will be available for EEP during the 1999 to 2003 period, with a \$320 million limitation for EEP in 1999. 	-230
Risk Management Agency:	
Federal Crop Insurance Corporation Fund	205
<ul style="list-style-type: none"> This proposal is a key part of the Administration's proposal to reinforce the farm income "safety net." Legislation to amend the Federal Crop Insurance Act would allow the shift of funding for administrative expense reimbursement from discretionary spending to the mandatory Federal Crop Insurance Corporation Fund. The budget includes legislation to make changes within crop insurance to achieve the necessary offsets. These changes include a reduction in the loss ratio, a limit on CAT coverage to \$100,000 and other changes, all of which are expected to take effect in 2000. 	

APPENDIX

1999 Other Proposed Legislation--Continued (Dollars in Millions)

Agency and Program	Budget Authority
Rural Development	
Rural Empowerment Zone Grants	\$20
<ul style="list-style-type: none">• The goal of this initiative is to revitalize rural communities in a manner that attracts private sector investment and thereby provides self-sustaining community and economic development. Legislation will be proposed to provide funding to allow five new rural empowerment zones, as authorized by the Taxpayer Relief Act of 1997, to create economic opportunity in the most distressed rural communities. The budget provides \$20 million per year for the next ten years for grants to these empowerment zones.	
Rural Utilities Service:	
Rural Electrification Loans	1
<ul style="list-style-type: none">• This proposal would add a new Treasury rate electric loan program to the telecommunications program, in the amount of \$400 million. Borrowers would apply for direct (Treasury rate) loans at an interest rate that is tied to the Government's cost of money. This type of loan represents a new tool for the Rural Utilities Service to meet the demand for electric program loans.	
Rural Housing Service:	
Section 502 Guaranteed Rural Housing Loans	0
<ul style="list-style-type: none">• This proposal would provide for the refinancing of direct single family home loans to facilitate the graduation of direct loan borrowers into the private sector. These loans will be provided only to borrowers who do not qualify for conventional private sector financing without the Federal guarantee.	

APPENDIX

1999 Other Proposed Legislation--Continued (Dollars in Millions)

Agency and Program	Budget Authority
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Food, Nutrition and Consumer Services

Food and Nutrition Service:

Food Stamp Program	\$355
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- The Administration is proposing to restore benefits to certain legal immigrants (+\$535 million) made ineligible by restrictions in the Welfare Reform legislation passed in 1996. The Administration is also proposing reforms that would save \$180 million in Federal payments for the Food Stamp Program administrative costs.

Natural Resources and Environment

Forest Service:

Payments to States	22
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- The budget proposes legislation to stabilize Forest Service Payments to States which have declined since the late 1980's. The 1999 estimate of \$270 million is based on providing each county the greater of its 1997 payment or the guarantee currently available to the spotted owl forests which is 76 percent of the 1986 to 1990 average payment.

APPENDIX

1999 Other Proposed Legislation—Continued (Dollars in Millions)

Agency and Program	Budget Authority
Research, Education, and Economics	
Cooperative State Research, Education, and Extension Service:	
Small Farms Initiative	\$4
<ul style="list-style-type: none">A new authority for an Integrated Research, Extension, and Education Competitive Grants Program is proposed to be included in the reauthorization of the research title of the 1996 Farm Bill. Multi-functional research, extension and education programs would address national and regional issues. A 100 percent non-Federal match would be required for commodity- or location-specific activities. In 1999, a Small Farms Initiative, to be implemented through the Department's Land-Grant partners, is proposed in support of the Secretary's Civil Rights initiative to strengthen USDA's research and educational assistance to the socially disadvantaged.	
Food Genome Initiative	10
<ul style="list-style-type: none">A new authority for a competitive grants program to support the Food Genome Initiative is proposed to improve understanding of plant and animal and associated microbial genes. Accelerated research projects will help aid the identification, mapping, and understanding of the function and control of genes responsible for economically important traits in the major agriculturally important species of plants, animals, and microbes. Through this research investment, new genetic technologies will be developed to improve yield, composition, and quality of agricultural output.	

